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Business Development Services Needs Assessment

FINAL REPORT

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By: Carlos Fumo
(Senior Expert)

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0. Note of Thanks

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The present report is dedicated to all of you.

Carlos Fumo
(Senior Consultant)

Issa Mariano
(Junior Consultant)

1. Acronyms and abbreviations

IDEAA-CA	Initiative for Development and Equity in African Agriculture - Commodity Association
GPZ	Zambezi Valley Development Office
ADH	Agriculture Development Hub
FOSC	Farmer Owned Service Centre
DPA	Provincial Department of Agriculture
FORCOM	Community Radio Forum
ICS	Institute of Social Communication
IFAD	International Fund for Agriculture Development
FINIDA	Finish International Development Agency
SACCO	Savings and Credit Cooperatives
TBD	To Be Defined
ETD	District Technical Team
RM	Radio Mozambique
IFDC	International Fertilizers Development Centre
CAN	Business Support Centre
DGIS	Dutch Cooperation Department
ASCA	Accumulative Savings and Credit Association
CEPAGRI	Agri-business and Investment Promotion Centre
ORAM	Rural Organization of Mutual Support
DUAT	Land Use Right
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
FDC	Foundation for Community Development
UCAMA	Farmers Union of Manica
USAID	United States Agency for International Development
BDS	Business Development Service
CLUSA	Cooperative League of United States of America
ASC	Agri-Business Service Cluster
PROAGRI	Agriculture Development Plan
GoM	Government of Mozambique
SISNE	Integrated System of Rural Extension
MADER	Ministry of Agriculture and Rural development
DNER	National Directorate of Rural Extension
NGO	Non Governmental Organization
COPSA	Cooperative of Agriculture Service Provision
SDAE	District Service of Economic Activities
PAPA	Action Program for Food Production
FILL	local Initiatives Investments
GPE	
FAO	Food and Agriculture Organization
IIAM	Agriculture Research Institute of Mozambique

ADPP	Help from People to People association
ADEM	Manica Economic Development Agency
AICAJU	Association of Cashew Industrialists
INCAJU	National Institute of Cashew
GAPI	Investment Promotion Centre
BOM	Opportunity Bank of Mozambique
SNV	Dutch Cooperation Organization
GTZ	German Technical Cooperation
FACIM	Agro industrial and Commercial Fair
TVM	Television of Mozambique

2. General introduction

2.1. Background and introduction

The purpose of the USAID AgiFUTURO Business Development Services Project in Mozambique is to increase Mozambique's private-sector competitiveness by strengthening targeted agricultural value chains. The project focuses on value chain development as a means of creating incentives to improve the enabling environment, expand and strengthen business development services, build linkages between agribusinesses and financial services providers, and increase and strengthen public/private partnerships. The project seeks to leverage innovations and improvements in specific value chains to improve the competitiveness of Mozambican agribusiness in general and to bring about change in the overall business environment. The selected nine initial value chains are bananas, pineapples, mangos, maize, soybeans, sesame; groundnuts; cashews, and forestry.

The nine project value chains

The project is comprised of four components:

I) Improve the Enabling Environment for Agribusinesses
II) Expand and Strengthen Agribusiness Development Services

III) Build Linkages to Financing Services for Agribusiness Development
IV) Increase and Strengthen Public-Private Partnerships

Under Component II, USAID AgiFUTURO, in Year 1, will seek to improve the quantity, quality and appropriateness of business development services available to the target value chains and the agribusiness sector in Mozambique. This component is comprised of three activities:

- Activity 2.1: Developing value-chain- focused, private sector-run agribusiness service clusters
- Activity 2.2: Rolling out and expanding farmer-owned service centers
- Activity 2.3: Building the capacity of service providers in the target value chains

Under activity 2.3, USAID AgiFUTURO will provide assistance to selected agribusiness development service providers that currently provide or could provide services to the project's target value chains. These service providers include all service providers ranging from small and medium-sized agro-processors and service providers to small farmers participating in the Emerging Commercial Farmer Initiative and financial services providers. This study, therefore, intended to identify the needs of these BDS service providers to enable the design of programs aimed at providing the necessary assistance to them.

3. Overall objectives of the Assessment

The overall objectives of "Needs Assessment for Business Development Services" are:

- To identify current agribusiness development services capacity, including the identification of potential service providers.

- To develop agribusiness development services providers coaching, mentoring and capacity building plan focused on increasing long-term sustainability to guide all BDS-related activities through assessment of training, information and consulting needs of local enterprises, especially those in the location along the Nacala and Beira Corridor.

More specifically, the assignment will focus on understanding the needs for assisting local enterprises to improve their competitiveness and expand into provincial, national and global markets.

The Assignment results/outputs will be summarized in a Business Development Services Needs Assessment Report, including the following:

- The current operational, administrative and entrepreneurial capacities of the target group
- The business development services (information, consultancy and training) to be provided to the target group to improve the competitiveness of the local agribusiness industry.

- Overall contents, methodology and the duration of the business development services to be provided to the target group.

- Profiles of participants to the multi-participant training programs.

4. Deliverables

The expected 3 deliverables of the BDS needs assessment exercise were as follows:

- Inception Report: Development of the Methodology (questionnaires, surveys, business diagnostics and discussion with AgiFUTURO)
- Draft report for presentation: Office and Field work: desk review, field need assessment for BDS and presentation to stakeholders.
- Final Business Development Services Needs Assessment Report

5. Methodology

Taking into account the objectives of the assignment, there were three interlinked activities that needed to be considered in order to produce the expected deliverables of the present assessment. These were:

a) Undertaking a value chain analysis of the identified commodities to characterize the markets, identify and analyze production, processing, marketing and other business services needed along each value chain;

b) Undertaking technical assessment of the capacity of the service providers, in terms of available resources and skills, to provide the requisite business services to participants in the commodity value chain and more specifically the identified business service needs of the producers and other value chain participants;

c) On the basis of (b) identify the business services that need to be developed and the service production and management skills to be enhanced (through hands-on training, mentorship and self-development) so that the service providers, individual and in clusters, are able to increase their efficiency in operating commercially-oriented service enterprises or business knowledge, thereby increasing their competitiveness to comply with the specific quantity, quality, presentation, packaging and delivery schedule requirements of a particular market so as to earn improved profit margins.

The more specific methodological approaches used were the following:

5.1. Secondary Research

This methodological component entailed desktop literature review on program documents and related subjects sources of information. On the basis of the questionnaires for the whole assessment process, the data gathered through literature review provided additional information to respond to he fundamental questions raised.

5.2. Primary Research

The primary research method consisted of semi-structured interview questionnaires and dialogue guides with individuals (service providers) and representatives of organizations and institutions.

Four groups of respondents were identified as follows:

Group 1

Value Chain Specialists/Analysts

The interviews with this group were meant to obtain a more broader perception about the development dynamics of each of the nine program value chain commodities: characterization of the markets and on this basis identify and analyze production, processing, marketing and other business services needed along each value chain.

Targeted respondents included line Government authorities at national, provincial and local levels, USAID AgiFUTURO chain leaders, main value chain industries, specialized individuals, industry analysts, etc.

Group 2

Producers (small holder and commercial farmers)

The interviews meant to obtain their assessment on the availability, quality and gaps on the services provided to them in order to improve quantitative and qualitative levels of production for increased competitiveness in the local, national, regional and international markets.
Targeted respondents were the producers themselves, both small holder and commercial farmers.

Group 3

BDS Providers – Primary Category

Interviewed people in this group were in the primary category in terms of direct service provision to producers. They are supposed to provide information about the availability, quality, capacity and gaps of services provided to enhance agriculture production and competitiveness along the principal nodes of the value chain.

Respondents included: suppliers of seeds and fertilizers, transporters, handlers/processors, extension service providers, market brokers, etc.

Group 4

BDS Providers – Secondary Category

Interviewed people in this group were in the secondary category in terms of providing mostly indirect services across the different nodes of the value chain as well as specialized inputs and capacity building with potential to focus mainly on the Primary Category of BDS providers.

Respondents from this group were expected to provide useful information on availability of services and gaps in aspects such as information systems, capacity building, market linkages, access to resources (human, technical and capital), partnership opportunities, etc.

Targeted respondents included: Government institutions, other actors such as CLUSA, Technoserv, Ikuru, banks, micro-finance dealers, training and capacity building institutions.

Group 3 and 4 constitute, essentially, the direct target beneficiaries of the programs to be designed as a result of the present BDS needs assessment survey.

The interview questionnaires and dialogue guides for each of the four groups are annexed.

5.3. Data analysis and report writing

In this component the work focused on compilation of data, qualitative analysis and writing-up and editing of a more complete and detailed draft and a final report.

The draft report was submitted and discussed with the stakeholders in two separate half a day workshops: one in Nampula in which 23 people participated from different parts of the Nacala Corridor and another one held in Chimoio in which 34 people participated from different parts of the Beira Corridor. The workshops were occasions to clarify various aspects of the findings as well as collect additional information within the framework of the study.

5.4. Sampling

The criteria for the determination of the details of the interview sample was based on the following fundamental inter-combined elements:

a) Selection of representative districts in terms of the potential for production of the program value chain commodities, in the Nacala and Beira corridors.
b) Coverage of the nine selected value chain commodities, either individual or in the five groupings (fruits, grain, oil seeds, cashew nuts and forests).
c) Coverage of the four groups of potential respondents listed in point 7.2. above.

Special attention in selecting the sample was given to the potential location of Agribusiness Service Clusters (ASC), as referenced in the Agribusiness and Competitiveness Program.

The detailed selection of individuals, institutions, organizations and groups to be interviewed was finally done in a team work in Nampula and Chimoio, involving the AgiFUTURO BDS Director, the Senior Consultant, the Junior Consultant, the AgiFUTURO value chain commodity leaders and other key stakeholders, based on the above defined criteria for sample definition.

On the basis of the above and within the limitations of time work was done in the following places:

1). **Maputo City**, where interviews were done with AgiFUTURO officials and other sector and value chain specialists

2) **Nacala corridor**:

- Nampula City
- Route 1:

  Nametil, Mogovolas, Angoche and Moma (Nampula province)

- Route 2:

  Alto Molocué and Gurué (Zambézia Province)
  Cuamba (Niassa province)
  Malema and Ribaué (Nampula province)

- Route 3:

  Meconta – Namialo, Nacololo and Monapo (Nampula province)

3) Beira Corridor

- Chimoio City
- Route 1:

  Manica and Vandúzi (Manica province)

- Route 2:

  Sussundenga, Dombe and Gondola (Manica province)

- Route 3:

  Tsangano and Angónia (Tete province)

- Route 4:

  Gorongosa and Nhamatanda (Sofala province)

A list of the interviews made is in annex B of the present report.

6. The needs assessment process

In order of sequence the role-out of activities was as follows:

a) Office work involving desk review of documents and development of methodology;
b) Designing of questionnaires and guidelines for interviews with stakeholders;
c) Drafting and submission of the Inception Report incorporating the methodology (questionnaires, surveys, business diagnostics and discussion with beneficiaries);
d) Presentation of the inception report to the AgiFUTURO team and reception of feedback on the methodology and content of the Business Development Services Needs Assessment Survey.
e) Field work data collection by undertaking interviews with individuals and representatives of organizations and institutions selected from the four target groups in selected representative districts of the Nacala and Beira Corridors;
f) Evaluation of the results of the interviews and compilation of a draft report.
g) Design and delivery of a presentation on the findings of the Assessment for the stakeholders of the Project in the two corridors;
h) Writing the final Needs Assessment for Business Development Services Report and delivery.

7. The limitations of the study

Two fundamental limitations of the study can be pointed out as follows:

- The delimitation of the geographical area of the AgiFUTURO program is very wide open, starting from the upper extreme of the Save River to the Rovuma River in the northern extreme of the country. There was no pre-defined specific geographical focus for the study in the terms of reference which combined with the limitation of time did not allow for a more in-depth study of different realities of the project area.

- The field work in the Nacala corridor coincided with a major breakdown in the telecommunications network in the central and northern Mozambique and as a result there was no mobile, landline and internet access during the whole duration of the field work. With no communication it was difficult to coordinate the meetings program and align meetings appointments and, therefore, the level of productivity became generally very low.

However, despite the above shortcomings, it can be stated that the mentioned limitations did not affect significantly the fundamental results of the needs assessment process.

8. Findings of the needs assessment survey

8.1. General situation

Assessing the situation of the BDS in general in the two project corridors, a more common observation made by the interviewed people referred the reality as very critical. There are enormous deficiencies in the provision of support services to the producers to ensure quality, quantity and regularity of production geared towards the satisfaction of internal and external market demands. From the responses provided by different stakeholders the more general and critical areas of concern in the global strategy included the following:

a) Coordinated approach

Different stakeholders are of the feeling that there is lack of well coordinated approach and harmonization of strategies in service provision between the state, the private sector, NGOs and the financial institutions.

The state, represented by the Agriculture Department at national, provincial and district level is viewed as the one that should put in place a coordination mechanism to allow the existence of information about who is doing what, where and with which resources and what level of results and impact.

Parallel to the coordination role of the government, respondents see a major gap around a need for setting up standards in terms of business development services provision as well as in the provision of a platform to facilitate exchange of information and experiences among service providers, particularly in best practice.

b) Extension services

The most generalized expressed view during the interviews was that the extension service, especially the one provided by the public sector is to a great deal ineffective to satisfy the demand of the producers.

In line with the general objectives and guidelines of PROAGRI, the GOM developed a National Extension Master Plan (1999–2003) that called for the development of an Integrated National Extension System, SISNE (*Sistema Nacional de Extensão Rural*). The then Ministry of Agriculture and Rural

Development (MADER) through its National Directorate of Rural Extension (DNER) proposed to collaborate with other organizations interested to provide extension, such as NGOs, farmers organizations, private sector commercial farmers, registered groups of certified extension workers and other private sector entities. Thus within the framework of PROAGRI, DNER was to undertake two major tasks: the operation of a number of public sector extension networks throughout the country and the management of private sector providers, especially in areas where there are no public extension networks.

The institutional diversification of extension service providers was considered to be a major strategy in the development of the said National Extension Master Plan (1999–2003) and the advancement of an Integrated National Extension System (SISNE). The Extension Plan stated that publicly financed extension is open to multiple financial and delivery arrangements. These arrangements included outsourcing, cost sharing with private and community extension structures and cost-recovery initiatives with individual farmers and farmer groups and associations. Outsourcing was seen as the principal avenue selected for involving private sector providers, some of whom were already operating extension systems parallel to those of the public sector. The GOM planed to outsource the delivery of extension in two pilot projects in two districts, one in Nampula and one in Zambezia. As defined in that instance, outsourcing meant 'contracting out' the responsibility for extension delivery to private sector providers (Rivera, 2000). It is the act by public sector extension to promote and support private sector involvement in extension provision (whether by private companies, NGOs, farmer associations or registered individual extension consultants). At the time, one of the objectives of this outsourcing initiative was to prepare DNER to coordinate, oversee and regulate private sector providers and to learn from the experience of outsourcing.

SISNE has not been very successful in terms of its role out on the ground, because of coordination problems and resources constraints. Elements of its design and conception remain of critical importance for an integrated action towards a comprehensive extension service countrywide.

The public sector extension services are very limited due to limited staff, in terms of number and qualifications, as well as financial difficulties.

8.2. The situation on specific areas of service provision

For the purposes of the needs assessment survey, specific areas of service provision were identified and their level of provision assessed, namely:

- Land preparation services
- Input supply (Seeds and agro-chemicals)
- Planting service

- Irrigation services
- Weeding services
- Harvest services
- Transport services
- Value addition services (post harvest handling and processing)
- Commercialization
- Financial services
- Capacity building services
- Information and communication services

a) Land preparation services

There is a general lack of machinery (tractors, bulldozers, etc.) for land preparation services. This problem is particularly acute in the cashew industry where clearing of huge areas of land is required.

The state, through the Local Initiatives Investment Fund (The fund known as *the 7 million*) has been funding local associations and individual operators to purchase tractors for land preparation. In according to information provided by the Head of Extension Services of the Provincial Department of Agriculture in Nampula a total of 15 tractors were provided to 3 associations and 12 individuals across the province on credit basis, at very subsidized price, as part of the Green Revolution Program. Additionally, more than 560 cows and equipment for animal traction were also distributed to associations and individuals on the same basis. The estimate of the Department is that this combined effort is contributing to the preparation of between 1500 to 2000 ha of land in a year.

The land preparation service is almost integrally provided by Associations, Cooperatives, private companies and individuals.

The individuals who run between one and two tractors are the main service providers on land preparation. They generally do their business on informal basis, some of them with no license and no organized administration and management capacity.

Small holder producers generally referred the services provided as very expensive, except in the cases of associations and cooperatives that provide services to members at relatively reduced rates.

Operators of tractors find their business not profitable due to high cost of operation because of problems such as constant machinery break downs, shortage of spare parts and very expensive and sometimes non-existent fuel and maintenance services. In the more productive remote areas there is no capacity for machinery maintenance and the situation does not stimulate service providers to position themselves in those areas.

One individual service provider in Namialo, Mr. Agostinho Pedro, for instance, in order to survive, like many others, has to combine own commercial production activity with provision of land preparation services to other producers in the area. His service prices range from 1.200 MT to 1.400 MT per hectare depending on the distance in a radius up to 30 km.

The Nametil Forum had a tractor for land preparation services and transport of products but was forced to hand it back due to difficulties with maintenance and fuel.

The Vocational School of Gurué, Zambezia province, has got machinery for land preparation (tractors) and for transportation (trucks), but is seriously confronted with the problem of high cost of fuel and maintenance versus the low capacity of payment of services by the producers. They prefer to import accessories from Italy than from Mozambique due to cost factors.

The Cooperative for Agro Services Provision of Gurué (COPSA) provides services of agriculture mechanization and has got machinery composed of tractors and respective implements. However, they are faced with the problem of constant breakdowns, lack of accessories, high cost of fuel and, therefore, almost all the income goes to payment of expenses and the business is no longer lucrative.

The Catholic University of Cuamba, in Niassa Province, owns a machinery park with tractors and respective implements as well as specialized machinery for seed planting, weeding and agro-chemicals application, etc. But the producers who are not part of the communities supported by the university do not use this equipment allegedly because the price of hiring is very high (1,500 MT per ha).

According to SDAE of Ribaué district, Nampula province, through PAPA (Action Plan for Food Production) and FIIL (Local Initiative Investment Fund) 2 tractors were made available complemented with animal traction for land preparation purposes. However, the tractors are faced with the problems of maintenance, accessories, tools and lack of fuel on one hand and, on the other hand, there is low access to their service by the producers because they consider the cost very high.

SDAE of Sussundenga district, Manica province, informed equally that within PAPA program they have handed over 2 tractors to 2 farmers for private management. These farmers became then land preparation service providers to other producers. Using FIIL resources they have also provided 2 tractors to 2 farmers to increase local capacity to provide land preparation services. The service cost is 500 MT per ha and these tractors should be paid back in a maximum period of 5 years at a contractually determined price.

The Gondola district, in Manica province, according to information provided by SDAE, has got a total of 35 tractors and 667 ploughs. Out of the 35 tractors, 7 were properties of the government and were given out on credit basis for private ownership to be paid within a period of 5 years.

SDAE of Gorongoza, Sofala province, informed that the whole district has got 4 tractors, 3 belong to a private individual and 1 belongs to government and clearly they are not enough to provide services to all the Administrative Posts, rich in the production of maize, soya, mango, pineapple and banana.

In the district of Angónia, Tete province, according to SDAE, there is only one private company with machinery called GPE that brought tractors to sell on leasing system. But the leasing modality which should be done through a financial institution and the quality of the tractors made it difficult to be accessible to producers and potential service providers.

The district of Tsangano, Tete province, which has great potential to produce soya, maize and mango, has got only 4 tractors, all of them belonging to private operators. Clearly they are far from satisfying the needs of the district with great agriculture potential.

In summary, there is a great deal of disparity among different districts in terms of availability of equipment and cost for land preparation as a service provided to producers. To small holder producers, this means that they have to rely on the traditional methods of land preparation limiting, therefore, the extension of areas of production and agriculture based income.

b) Input supply

The state, through specific programs supported by agencies such as USAID, FAO and within the context of the Green Revolution, does the distribution of seeds mainly through private entities and organized associations and cooperatives. However, the quality and the level of out-reach remain a major challenge. Similarly and through the same programs the state also does the distribution of agro-chemicals such as fertilizers, herbicides, insecticides, etc.

The major service providers in the input supply are largely the agro-dealers, ranging from major companies such as Pannar, Green Field, Agrifocus, to brokers like IKURU and CLUSA, to local associations, shops and small market places and informal *bancas*. However, these operators are mainly based in the province or district capital cities and therefore difficult to be accessed by producers from the remote areas of the country. This situation makes access to inputs very difficult and expensive.

The supply of seeds, in particular, is also viewed as very critical. In fact many people interviewed referred to the issue of quality of seeds provided as a major problem. There were many instances that the seeds provided by the suppliers to the producers had very low germination power.

Producers themselves produce their own seeds. However, the quality is very poor. Generally, there is confusion between grain and seed.

The IIAM – Institute for Agriculture Research of Mozambique is doing a lot of effort towards research and production of basic seed which is distributed to different entities, organizations and producers for its multiplication. Constantly there a time gap between basic seed production and the multiplication period. In terms of the genetic improvement of seeds, the situation is that it takes 3 to 5 years to produce basic seed and as a consequence the improved seed in circulation become degenerated before the basic seed is released.

Monitoring the quality of the multiplication processes is also another challenge to be addressed in order to ensure constant quality.

According to information provided in the stakeholders workshop in Nampula the Ministry of Agriculture has a seeds certification service. However, the certification of the seeds sold or distributed by different agro-dealers seems to be almost totally out of control. This service needs to be strengthened to ensure that there is always quality assurance of seeds before reaching the hands of producers.

In terms of agrochemicals, apart from the availability and affordability factors there is also a need for change of attitudes of small holder producers particularly for their use in order to increase the quality of production and the levels of productivity. This is a major role of the integrated extension service.

Mr Temú is a private provider of agriculture inputs in the district of Angoche, Nampula province. He supplies hoes, swords, axes, reaping-hooks, saws and pliers for pruning. But according to him there are serious problems of market in the district to absorb all the tools, because producers have no enough buying power to respond to the supply capacity of suppliers of this kind of inputs.

In the district of Alto Molocué, Zambézia province, in accordance to SDAE, there is no even a single shop selling agriculture inputs. LOZANE FARM in Alto Molocué, produces maize, sesame, groundnuts, sunflower, soya and fruits (banana, mango and pineapple) and according to them there is a shortage of shops to supply agriculture inputs and in most cases it is cheaper for them to import from South Africa and Malawi rather than buying in Mozambique.

The district of Malema, Nampula province, has got an enormous potential to produce maize, groundnuts, sesame, soya and other products, with abundance

of water, fertile land and dedicated producers. But the seeds provision sector is weak and there is no single shop selling agriculture inputs.

In the Gondola district, Manica province, according to SDAE, the producers do not use fertilizers and agro-chemicals because of attitude reasons. They only use in major cash crops, in out growers schemes such as tobacco. There is only one shop selling agriculture inputs in Gondola district headquarters plus small informal traders in the localities of Matsinho, Macate e Zembe.

In the District of Gorongoza, Sofala district, there are 3 service providers of agriculture inputs, especially selling seeds of maize, soya and beans, one in each of the three Administrative Posts of the District. These dealers also dedicate themselves to commercialization of agriculture products. In parallel, ADPP works also in the distribution of inputs in all the district and in the promotion of demonstration fields.

The District of Angónia, very rich in agriculture production has got 3 inputs providers: Bonimal, Pannar and IAP. There are also three private warehouses that sell inputs and buy products, belonging to Victor Gaspar, Muana Muana and Zero Indine.

The District of Tsangano, Tete province, in accordance with SDAE, does not have locally based suppliers of agriculture inputs. Producers have to travel to Tete capital city and more commonly to Malawi to buy the inputs, which makes the final product very expensive. This information is confirmed by a private producer based in the district who buys inputs in Tete city and Malawi and she argues that the prices are very high and, consequently, the situation makes the agriculture business non-viable.

There are small emerging local solutions within the whole effort of supplying improved seeds to producers. Such is the case of a commercial shop in Manica Municipality called Manica Mbeu, property of a private trader who having begun as an informal dealer, buying and selling seeds and fertilizers, as from 2010 is starting to produce own seeds and for the purposes of guaranteeing quality has requested technical support from the Institute of Agriculture Research of Mozambique (IIAM). Furthermore, he seeks to obtain certification of the seeds produced in his fields from a competent institution. Contrarily to what uses to be common, this trader does not prioritize financial support in the role of his needs to develop the business. He gives priority to technical assistance and linkages to access technology and markets.

c) Planting, irrigation, weeding and harvest services

During the needs assessment exercise, no specialized service providers were identified offering specific services as agro-dealers in these four areas of service provision, altogether or individually.

The services of planting, irrigation, weeding and harvest are solely of the responsibility of the producers themselves at more elementary ways on the part of small producers and more advanced technologies on the part of medium and large size companies. The small holder producers also receive technological advice through the state or private extension service.

The fruit sector, at commercial farming level, given its dynamic, has great sensitivity to irrigation service needs. However, the sector also relies on its own internal investment.

There are 5 potential districts for agriculture production in the Province of Manica, namely: Gondola, Sussundenga, Barué, Manica and Mussurize. These districts are major producers of grain, horticulture and fruit. They are characterized by abundant rains during the raining season and with great potential for sources of irrigation by gravity. But this potential is not totally explored for lack of appropriate infra-structure and focused investment.

d) Value addition services

In the small holder production sector, there is great lack of capacity and service provision in the areas of post harvest handling and processing to add value to products and maximize the market access opportunities. There is lack of simple machinery that can be used, for example, to select and clean grain before supplying the local and external markets.

Some associations and families, in Manica province largely, use simple machines to press oil seed and produce oil, without a lot of business expression when it comes to levels of financial yields.

The fruit growers, the government and other stakeholders expressed a strong need for a fruit processing industry to maximize the existing production potential in Manica province. There is a long standing idea of establishing a fruit processing company in Macate – Gondola district facilitated by agencies such as ADEM, but the required investment is not up-coming. This facility would serve not only Gondola but other districts and neighboring provinces.

The Gorongosa National Park, in Sofala province, has established, in Gorongosa Municipality, a fruit drying industry using fruits of community out-growers and the initiative is having a great impact. It is a good example to be replicated elsewhere because it is playing an important role in terms of adding value to fruit products

for consumption out of season, but more importantly as well for accessing the internal and external markets and create, therefore, a business opportunity for small holder producers of fruit.

The cashew industry is the one that shows greater strength in the processing dimension. It is a group of industrialists that is identified as strong and has a good level of negotiation and dialogue power with the Government and the market. AICAJU is the association of cashew industrialists that has been established as a platform for this group to lobby and advocate in favor of the industry and influence sector policy and the market in general.

According to the Administrator of Mogovolas district, Nampula province, the Mills Factory of Nanhupo Rio helps with its means and equipment in the processing of agriculture products, especially groundnuts and maize. But they need further investment to improve their capacity of processing for quality products that can satisfy the demands of the market.

The Agro Processadora de Molocué (Molocué Agro Processing Company), specialized in grain and oil seeds faces the lack of raw-material, equipment and qualified labor force and, therefore, is now operating below planned capacity.

With the investment from the Mozambican Government the plan is to install in the district of Angónia 5 silos with the capacity to keep 1.000 tons of products each, a processing warehouse for maize seeds and a factory to process maize into flour. These infra-structures can greatly contribute to the improvement of post harvest beneficiation of products and for conservation of grain for periods of high demand and better prices.

e) Commercialization

The situation is characterized by weak and uncontrolled commercialization network. The network of rural *cantinas* (shops), that historically used to be active vehicles for commercialization of agriculture produce, especially cashew nuts, has been heavily damaged during the last civil war. As a result, in remote areas there is no infrastructure to support commercialization processes.

The leadership of Forum de Nametil, in Nampula province, that provides services to members said that there is a lot of production of maize, sesame and groundnuts but less buyers.

The most needed infrastructures for commercialization are the warehouses where producers, especially small holder farmers, can go and sell their products.

In general, the deficient quality of road, electrification and communication infra-structure does not facilitate access to profitable markets of agriculture produce.

The cashew nut industry is particularly affected by low prices in the international market and a very weak local market.

The situation is also characterized by major companies and brokers organizations that buy major quantities of agriculture products, such as IKURO, OLAM, Export Market, etc.). However, the issues of quality and accessibility to remote productive areas of the country remain critical.

There are, on the other hand, commercial companies that buy large quantities of products for local market and export, but also they do not reach out to remote areas of the country.

Substantial part of agriculture products is sold to ambulatory buyers at very low prices, often dictated by the buyers themselves. Considerable part of these buyers that use fleets of trucks are becoming fewer in quantity and frequency due mainly to scarcity of fuel and high cost of maintenance services on one side and, on the other side to business management capacity.

There is lack of information among small holder producers in determining the prices of products and there is no platform for articulation of ideas and for concerted action towards defending their commercial rights.

Producers, especially small holder, do not yet take advantage of regional integration in Southern Africa to export their produce at reduced tariffs. Apart from the burocracy involved producers lack knowledge about the reality and have not yet achieved levels of competitiveness due to low quality, small quantities and unpredictable supply regularity of their agriculture products.

In case of the fruit value chain there is the great problem of fruit fly that creates a major barrier to export of fruit to lucrative markets at regional and international levels. In this context, the transformation of fruit into processed products would be an alternative that immediately would add value to business in this value chain.

There is a close relationship between the quality of extension work and the opportunities to access markets, in the sense that when rural extension does not help to improve the quality of products at considerable levels, through the application of modern techniques of agriculture, becomes difficult to access increasingly demanding national and international markets.

The promotion of markets and fairs of agriculture products to serve as an incentive for commercialization at the level of districts and some Administrative Posts is an existing practice in some zones of the country. This practice enlarges market opportunities and competitiveness among small holder producers.

According to a private transporter in Angoche District, Nampula province, Mr. Fernando Arnaldo, since a long time ago that he buys agriculture products and transports to markets within the country, especially cashew nuts. But he said that the district is passing through one of the most difficult times after independence because the local economic situation is becoming increasingly more constrained. He even took the decision to change business orientation into the hotel industry. He characterizes the situation as having weak commercial dynamics, weak economic players, bad road infrastructure, constant breakdowns of trucks and high cost of maintenance and paralization of the industrial activity, more generally.

COPSA, a cooperative of service provision in agriculture, in Gurué district of Zambézia province buys and sells agriculture products, but faces the challenge of quality, taking into account the demand of the international market.

ALIMO, an organization based in Cuamba district, Niassa province, is dedicated to production and commercialization of maize, soya, sesame and groundnuts. However, they are confronted with the issue of deficient transport fleet, obsolete warehouses, bad road infrastructure, lack of finance for current expenditures and difficult connection with the market.

Because of specific climate conditions, the district of Angónia in Tete province does not produce sesame but has a lot of production of soya that is sold to buyers such as Abílio Antunes and to CLUSA that sells the product to the company Novos Horizontes in Nampula.

The private commercial agriculture producer in Namialo, Nampula province, Mr. Armando Castigo, works in a total area of 44 ha, 28 of which in the production of maize, sesame, beans and great investment in groundnuts (15 ha). But he feels that in order to make his business profitable he would need a tractor for land preparation, a truck to transport inputs and products and a mini transit warehouse from where he could sell the products.

Information given by the Rural Extension Service in Manica province reveals that there are serious challenges around the adoption of new agriculture production techniques by small holder producers, which affects the quality of the products and consequent access to markets, including local markets. For example, horticulture products of small holder producers were rejected by Shoprite in Chimoio and opportunities such as supplying major investors in Tete province such as Vale and Riversdale, can not be fully utilized.

f) Provision of financial services

The financial products provided by financial institutions, including the ones with inclination to agriculture financing, do not yet satisfy agri-business needs

because they are more generally directed to processes of buying and selling and do not support other segments of the value chain.

The lack of financial resources on the part of producers limits the capacity to increase areas of production and, consequently, income in a perspective of the economy of scale.

The Local Initiatives Investment Fund has been providing assistance to agriculture activities, especially to associations, to increase areas of production. However, its contribution has been irregular and not well articulated with the production cycles in a value chain development perspective.

The Forum of Associations of Producers of Cotton and Grain in Moma district, Nampula province, gets financial assistance from GAPI but according to them the service is very expensive.

According to SDAE in Malema district, Nampula province, there is lack of credit facilities for production. Banco Terra is considered to be very burocratic in terms of procedures and demands to access financial resources.

The Financial Micro Bank of Gorongoza, in Sofala province, has credit lines for agriculture commercialization, wholesaling and chicken farming. For all these activities an interest rate of 6% is charged. The great challenge resides in the fact that small holder producers have no demanded guarantees. On the other side, according to this financial institution most of the credit proponents have no credit culture and there is a lot of misapplication of credit resources by the beneficiaries.

The Credit Cooperative for Micro Enterprise of Angónia provides credit services for agriculture (maize production, groundnuts, soya, beans and grain in general), industry (manufacturing of small agriculture implements), commerce (selling of used cloths and other items) and agriculture commercialization. For all these credit lines they apply 2 to 5% of interest rates per month. The challenge remains on the difficulty of guarantees on the part of the potential beneficiaries.

The Opportunity Bank of Mozambique (BOM) has a strategy of opening branches in the rural areas, including the system of mobile banking. They have got 4 branches in Manica and so far 1 mobile bank. They plan to finance inputs providers who want to position themselves in the rural areas. In terms of credit provision service the issue is how to recover lended money or, in other words, how to mitigate against risk. In this sense, they prefer to finance value chains with one major buyer (ex: tobacco) and producers clubs in horticulture, sesame, sunflower, soya and beans. On the other hand, they give more preference to providing inputs rather than money, but in the case of provision of seeds the experience was not successful due to poor quality and consequent low germination power of the seeds supplied by local input dealers.

A major challenge in the provision of financial services has to do with credit insurance. According to BOM there is a successful experience in Malawi. Similarly they wanted to replicate the experience in Mozambique and use an insurance company in Switzerland. But it was necessary to provide information on climate variations for the last 20 years and this information is not available. To that effect, Mozambique was supposed to have meteorological stations in a radius of 20 to 50 Km. The whole province of Manica, for example, has only 2 stations.

Banco Terra dedicates 60% of its financial services supporting the agriculture area in the various nodes of the value chains and they are present in all the provinces except Zambézia, Niassa and Cabo Delgado. They are more present in the capital cities and urban zones but plan to place themselves in the rural areas closer to producers. They work with various partners, especially USAID, ADIPSA, Rabo Bank Foundation, SNV, CLUSA and European Commission. They manage 4 guarantee funds financed by USAID, ADIPSA, IFD and GTZ. The great challenge, in accordance with the Chimoio branch manager, is the weak capacity to develop business plans by producers seeking credit resources.

g) Capacity building services

Various organizations did a lot of work in capacity building and technical assistance to improve the quality and quantity of production but enormous challenges prevail in the organization and capacity of producers.

It is still, however, notable the insufficient provision of technical assistance to producers in all the value chain, right from land preparation to placing the product in the market.

The members of the Nametil Forum, in Nampula province, referred to have benefited from capacity building services on management by ADIPSA, commercialization by CLUSA and CARE and one more capacity building on management by Okhalihera. But, according to the leadership of the Forum, they still need further capacity building opportunities on improved production techniques, seeds processing, business plans, entrepreneurship and more packages of management.

As per the fruit specialist from SDAE in Angoche district, province of Nampula, it is necessary to build the capacities of producers in general and of the fruit industry in particular on areas such as organizational development, production technology and entrepreneurship because the district is a potential producer of mango, pineapple and banana, but the producers are disorganized and they produce very low quality only oriented for the local consumption market.

COPSA, the Cooperative of Agro Services in Gurué district, Zambézia province provides capacity building services to other organizations and producers, but in general there are very few organizations that provide this kind of services in the province.

VOCA, a private institution based in the districts of Gurué provides technical assistance mainly in areas of conservation agriculture and commercialization. However, they feel that they need to make interventions in the area of capacity building of producers on value chain development, business plans design, business management, warehouse management – stock control.
According to SDAE in Ribaué district, Nampula province, one of the advantages of the district is to have a relatively strong movement of associations, complemented with a wide circulation of information and communication through local community radio and TVM. However, the institutional development of associations and their capacity to promote market oriented production continue to be fundamental challenges.

Some private agriculture producers have benefited from capacity building activities, such is the case of Ms Terezinha Ludovico of Tsangano district, Tete province, that traveled with ADIPSA team to visit FACIM in Maputo and to exchange experiences in Nampula province. In a course also promoted by ADIPSA, she benefited from information on agriculture techniques. Presently is a counselor of groups and associations of producers promoted by GAPI.

In terms of provision of technical assistance services, in the areas of business development plans at accessible prices the situation is generally problematic. In Manica province, for example, only one service provider has been identified as accessible with proved competence (Mr Monti). Before, there was an entity called Agro Link, supported by ADIPSA, but did not function in accordance with expectations.

h) Provision of information

The situation is characterized by a deficient provision of information to producers about products, markets, prices and services.

The information flow is guaranteed by the few existing extensionists in the district and community leaders (case of Mogovolas district, in Nampula province).

SDAEs also provide information about markets, prices and pass other useful messages on an inconsistent and irregular basis.

The need is felt for the establishment of community radios to be used for the dissemination of useful information to producers. However, in the few places where radios exist, they are not used adequately mainly due to lack of

coordination between those who potentially were supposed to produce information and the entities that manage community radios.

In the specific case of the cashew industry the provision of information is done by INCAJU and, more especially, by AICAJU that establishes a lot of communication with members and collects useful information about markets and prices, in connection with international forums such as the African Cashew Alliance.

According to SDAE in Cuamba district, Niassa province, most of the information lacking among producers is about where to obtain resources to invest in production.

In the Sussundenga district, Manica province, according to SDAE, the provision of information about prices and markets is done via the community radio installed at the district headquarters. For the most remote areas information is provided by extensionists and community leaders as well.

In Tsangano district, Tete province, there is no information system to producers. Each producer acquire information at own cost, some from the community radio of Angónia and in their travel to other zones of the Tete province.

In a joint work among RM, SANA and CLUSA case studies were conducted and information was disseminated on the critical points of production. With IKURU an information bulletin was developed for dissemination through radio. Radio is presented as the best vehicle to transmit information to producers.

The agriculture fairs, where they are organized, beyond merely commercial objectives, have a great potential to become spaces for exchange and dissemination of information.

8.3. Other dimensions of the situation

a) Mind set change

There is an enormous problem of change of attitude, habits and behavior on the part of producers, especially towards the adoption of new technologies and a culture of hard work. For a country like Mozambique, this is fundamental for business development service since the people, for a long time, got used to donations due to different crisis and developed a dependence syndrome. This situation calls for a mind-set change drive to bring about a peoples based agriculture development.

b) Organization of producers

The experience of the Ribaué district, Nampula province, according to the district Administrator, shows that when producers are organized in associations is easy to provide technical assistance and capacity building services. There are 3 associations in Ribaué that are presented as cases of success. One of them (Forum 1º de Maio) was the first to receive the patent “Made in Mozambique”. All the 3 associations were registered and capacitated in various domains of organizational development and management by institutions such as OLIPA, IKURU, Facilidade, etc.

The various experiences in working with associations in the districts and administrative posts show that the quality of their work remains a major challenge. They function more as social organizations for collective survival and not entities that organize themselves to optimize access to resources, information, training and market opportunities.

IFDC (International Fertilizers Development Centre), in Chimoio, implement activities to support the inputs distribution network with a fundamental objective of taking the inputs closer to producers with sensitivity on quality and price. In this context, they support the emergence of an Association of Input Suppliers in the Nacala and Beira Corridors. It is hoped that this association will provide training of suppliers on business management and linkage with banks to obtain financing. The association will also be an important instrument in the collective effort of procurement and advocacy for the improvement of the business environment. In parallel, the association will be supported to have information about markets, acquire capacity to process inputs, to be a vehicle to support extension services and to be a mechanism of dialogue with the government on policy and regulatory framework in the area of input supply, especially of seeds. The headquarters of this association is in the city of Chimoio and temporarily functions in the office of IFDC.

c) Integrated strategies for the promotion of value chains in a perspective of BDS

Integrated strategies are a set if interventions that focus on various nodes of the value chain with a view to finding solutions to different challenges affecting agriculture, that on one way or the other do not facilitate the development of agri-business with the necessary dose of competitiveness. As examples the following case study of Nacololo is presented as well as multifaceted interventions of selected organizations.

The Case of Nacololo – an example of success?

The locality of Nacololo is situated in the Namialo Administrative Post, district of Meconta, province of Nampula, Nacala Corridor.

Nacololo is an Agribusiness Service Cluster (ASC) model called Centro de Apoio a Negócios (CAN), an initiative implemented within the range of activities to support agriculture production and commercialization forums.

Nacololo CAN is composed of 3 forums. Each forum is composed of a number of associations of producers. The 3 forums are: Namareco with 8 associations, Jagaia with 8 associations and Nacololo with 12 associations. Each association has got an average of 35 individual members who are producers themselves.

In each association there is a Production Animator that jointly with members develops a production plan and sends to the forum.

Within each forum there is a Production and Commercialization Technician who agglutinates the plans of the associations to produce a harmonized plan of the forum which is sent to CAN. At the level of CAN there are 3 technicians and 1 manager who evaluate the plans from the associations and forums and on the basis of the same the manager negotiates financial resources with IKURU for buying the products.

Once financial resources have been received, CAN distributes them proportionally through the forums to buy products through member associations. CAN collects the purchased products using money previously allocated for transport of products. And finally the products concentrated in the CAN warehouse are collected by IKURU for commercialization. From the sale of the products there is a margin contractually agreed with IKURU that remains behind as profit. These profit margins are proportionally distributed through associations that use these resources for investments to improve production. The producers gain their margins immediately after delivering their products in the associations.

In this case of Nacololo highlight goes to an organized intervention in the whole chain of products such as sesame, groundnuts, cotton, beans and maize that in the last instance result into increased incomes in the hands of producers. As a result, the visible indicator of income accumulation by producers is the improvement of their life conditions demonstrated through building improved houses, acquisition of cloths, bicycles and other domestic utensils.

Through IKURU CAN receives seeds and other inputs on credit basis and also does the multiplication of seeds.

Capacity building on organizational development (associations) activities were carried out facilitated by CLUSA, CARE and Facilidade and in production techniques by CLUSA and IKURU.

The principal role of associations is to promote collective action in the area of production and commercialization.

CAN has capacity to produce plans and projects and do business management. CAN facilitates also access to tractors and animal traction for land preparation and members pay for these services.

In terms of development needs expressed by CAN members priority goes to technical assistance in strategic planning. The vision of leaders and members of forums and associations is that up to 2015 CAN should have technical autonomy and means (transport, tractors, computers and technical capacity).

Multifaceted Approaches

IKURU

IKURU is a Farmer Owned Company. IKURU: the name of the Company means STRENGTH. It represents the fact that IKURU was established to enable Farmer's control over their own livelihoods.

IKURU is a Mozambique owned, agri-trading, processing and exporting private Company. The company was founded in 2003 with initial investments from Farmers Associations. There are also investments by ethical investors (GAPI - a Mozambique public/private financial institution and Oxfam Novib - Netherlands).

IKURU currently has in excess of 22,000 Farmer shareholders grouped in 29 Farmers Associations in the North of Mozambique. Around 40% of the Farmer shareholders are women.

IKURU is now one of the most successful farmer-owned business in Mozambique. The volume of total crops marketed has increased from 300 metric tons per year in 2004 to 2,250 metric tons per year in 2009, an impressive figure representing annual growth of around 50% per year.

This represents a substantial increase in income to producers, contributing to improved livelihoods and enabling farmers for the first time to exert local control over their marketing options.

The activities of IKURU range from research through agricultural development and production to processing and export.

Research:
IKURU recognizes the role of quality seeds and suitable technology for increase in the quantity and quality of production

Development:
IKURU works with International Partners on Agricultural Development, with its shareholders and producers.

Trading:
IKURU plays a major role in purchasing, processing, packing and exporting agricultural products from its shareholders.

Processing:
IKURU owns a sesame cleaning factory and groundnut grading line. IKURU carries out toll processing of its other crops prior to local sale or export

Quality:
IKURU has a Quality Control Laboratory for on site verification of quality standards.

Exports:
IKURU is an experienced exporter to European and Southern African Markets.

More specifically in the Nacala Corridor IKURU intervenes in the following activities:

- Commercialization of agriculture products, fomenting production and doing intermediation between producers and markets.
- Provision of technical assistance to producers to ensure quality of products according to market demands and for that service works through specialized organizations.
- Supports seeds production through multipliers that then sell to IKURU itself.
- Provides credit for seeds, labor, fertilizers, pesticides and harvest.
- In terms of new products promotes production of white sesame, with a client in China and soya with a client in Norway.
- Provides reference of other products to other buyers (e.g. V&M).

Works in connection with a considerable network of other partner organizations such as:

- Zambézia – Visão Mundial and CLUSA
- North of Nampula – SANA and AgiFUTURO (emerging farmers)
- South of Nampula – SANA, Okalihara, Africare and AgiFUTURO
- In maize production – OLIPA

Has had great interest in the information provision service about producers associations (where they are, what they are doing), markets (prices, volumes, access, buyers, linkage with road or rail transport). Used to publicize a bulletin directed to producers but has stopped and needs to continue.

IKURU works with 29 groups of well placed producers.

At the moment the major challenge of IKURU is to invest further on agro processing of sesame, groundnuts, beans and seeds in general.

SNV

SNV has been active in the country since 1996 in Nampula, as an implementing partner in the rural development program of DGIS and the Dutch embassy. SNV contributed to the local Government / decentralization process in Mozambique. SNV's expertise and experience in capacity development of local actors are well recognized. SNV's actions have strengthened local government and Civil Society's capacities in community development, participatory planning and budgeting. SNV has also played an important role in the revival of the cashew sector through its support for small scale processing units, including access to fair trade markets.

With the shift from project implementation to capacity development service provision, new programs were opened in Beira and Maputo in 2004.

SNV Mozambique's focus is on horticulture value chain development, pro-poor tourism, education, and water and sanitation.

In alignment with Mozambique's National Development Program and Poverty Reduction Strategy, SNV Mozambique works in two impact areas:

- Improving access to Basic Services with focus on Water, Sanitation & Hygiene and on primary Education.
- Increasing Production, Income and Employment through economic development with focus on value chain development in horticulture (cashew, banana) and tourism.

In both areas SNV Mozambique looks at governance issues as a crosscutting theme.

In the Nacala and Beira corridor and specifically in the promotion of agri-business the organization has focused on following value chains: oils seeds, horticulture, fruit (especially banana), cashew, sesame and groundnuts.

Along the value chains has given particular attention to following fundamental activities:

- Improvement of the quality of products
- Support to groups of producers for collective organized action
- Promotion of access to finance
- Facilitation of access to markets
- Facilitation of access to information
- Improvement of dialogue environment
- Facilitation of linkage with the private sector (e.g. with the Export Marketing company)

SNV, through Miruku, a local capacity building organization in Nampula, built the capacity of cashew producers, where the aim was to introduce interactive methods of production and quality control and, for that, a Producer's Manual was published. In this effort the intention was to increase the yields per hectare. A lot of technical assistance work to individual producers was carried out which resulted very difficult but the existing associations are of social orientation and, therefore, represent high risk.

SNV analyses the various aspects related to the situation of service provision to agri business in the following way:

- There is a general lack of agriculture input supply such as seeds and agro chemicals. The supplied seeds are of bad quality. There is no competition with Agrifocus company as the major distributor of agro chemicals and fertilizers.
- On the point of view of agro business growth, there are problems of weak capacity of financial management and accountancy, weak knowledge of BDS and legislation. There is a strong need of a management service centre that can provide services in areas such as: accounting, advocacy, business plans, norms on simplified tax regime, etc.
- In terms of linkage with the markets the situation is characterized by prevalence of many ambulatory dishonest buyers who serve as intermediates with markets. In terms of income the relation is 40% for the producers and 60% for the intermediaries, except in sesame and cashew where the proportion is inverse (60%/40%). In the cashew value chain the intervention of OLAM company makes a major positive difference.
- As regards access to finance it would be fundamental to introduce instruments such as: catalytic fund, venture capital fund and value chain capital fund, that would play a brokery role. The existing financing platforms in Nampula (IREM, GAPI and Banco Terra) need to introduce new products favorable to increment agro business activities.
- In terms of provision of information RM, SANA and CLUSA have done case studies and provided information on critical elements of production. With IKURU a bulletin was produced for diffusion in the radio. The radio is considered the most appropriate means to disseminate information to producers. Other vehicles of information would be the agriculture fairs.

CLUSA

The Cooperative League of the USA (CLUSA) has helped link small farmers in a number of developing countries with sources of agribusiness and financial credit institutions.

CLUSA launched its Rural Group Enterprise Development Program in Mozambique in the mid-1990s, while the country was still overcoming conflict and settling into a market economy. As a supporter of democratically run business associations, CLUSA focused its efforts on organizing impoverished, isolated farmers in the Northern provinces, where the commercialization of cash crops, such as maize, cotton and cashews, was gaining momentum. CLUSA worked with local producers to form and strengthen farmers' associations, and trained them to pool and market their crops to commodities traders, leading to higher farm gate prices and an 85% (inflation-adjusted) reported increase in average annual farm revenues.

CLUSA assisted the farmers' associations in establishing better relationships with local agribusinesses, such as V&M Grain Co., that provided input credit and short-term crop advances to smallholder farms before purchasing their harvests.

CLUSA also brokered a partnership with a local financial institution, Gapi, to offer solidarity group loans to farmers' associations for agricultural purposes.

Presently CLUSA operates both in the Nacala and Beira Corridors, with various types of interventions that include:

- Training and capacity building among stakeholders with the aim to improve the quality of production
- Facilitation of linkage between producers and markets
- Facilitation of linkage between producers and financial markets
- Facilitation of linkage between producers and service providers
- Facilitation of linkage between producers and input providers
- Promotion of associations: constitution and legalization
- Development of functional literacy activities
- Corporate development
- Development of new technologies and biologic handling of insects
- Combat to alphatoxin through testing products such as maize.

In its approach CLUSA intends to promote a development process in which producers become managers of their own business.

Generally, CLUSA evaluates the provision of agro business services as being very critical because of following reasons:

- Insufficient value addition to agriculture products (from simple cleaning and selection to industrial processing to generate employment)
- Deficient structuring of value chains in an articulated strategy between the private sector, state and banks.
- Less efficient intervention of the government as a facilitator
- Deficient road, electrification and communication infra-structure, although the situation has improved over the last years.
- Burocratic process of company registration
- Institutional limitations on technical capacity and technical management among NGOs.
- Need for the creation of multi-stakeholder platform in each value chain that includes the component of governance for economic empowerment.

In summery, CLUSA gives priority to interventions that because of their integrated nature contribute to improve business in the whole value chain.

ADIPSA

ADIPSA is a fund created through delegation by a donor. Is not an implementing agency, intervenes by contracting service providers especially in the areas of inputs, products, linkage with markets, transport, processing, market studies and selling of products.

The major value chains that supports are: soya, sesame and potatoes. In this context works towards unblocking bottlenecks along the value chain.

The products that ADIPSA offers are: financing, technical assistance, co-funding of investments, guarantee fund with Banco Terra (do not cover 100%, only participates).

Generally, ADIPSA evaluates the situation of agri-business service provision as very critical due to following reasons:

- Serious problems of seed quality in the country. There is no guarantee of locally supplied seeds by Pannar, IKURU and other informal suppliers, not even control measures and penalization in cases where bad quality seeds and without germination power are sold. For example, a funding was provided to 6.000 producers and the seeds did not germinate.
- There is weak local capacity of business plans development. Only one quality service provider and on accessible prices exists in Chimoio (Mr Monti).
- The banks apparently oriented towards supporting agriculture are also part of the problem, they want guarantee funds of 90%.
- Investments in the agriculture sector should include guarantee funds from the state with low interest rates and long term vision oriented to acquisition

of equipment, infrastructure improvement, mechanization and irrigation facilities. The idea of establishing mechanization centers is of extreme importance and priority.

- The use of market opportunities created by major investments in Tete province require special attention. In this sense, it is important to verify what Tete needs, who produces quality and promote linkage with that market opportunity.
- The emerging farmers program should be redesigned because in its present conception looks like NGO driven and not oriented for agri-business.

ADEM

ADEM – the Economic Development Agency of Manica is a development platform that congregates state, private sector and civil society entities, aimed at promoting social and economic development of Manica.

In the economic area ADEM intervenes in the area of BDS provision, micro-finance and agro processing. Specifically the organization carries out the following activities:

- Financing of methodologies based on collection of savings for buying services and access to resources.
- Provision of financial services for buying and selling. The challenge is how to transfer this activity to other areas of agriculture, for example, beyond monthly savings and credit, without loosing flexibility and simplicity of the system.
- Non financial services for the same target group on technical assistance.
- Training in business planning.
- Deepening of ASCA experience and its formalization into village banks (in perspective)
- Installation of simple sesame processing machines in Angónia, Tete province, with the support from ADIPSA.
- Conclusion of the fruit processing unit in Macate, with the involvement of local community and private investment.
- Management of the cashew processing plant in Machaze district and distribution of small processing machines to producers.

d) Business Approach

The move from subsistence agriculture for a market oriented agriculture in a business perspective continues to represent a major challenge. Institutions such as CLUSA, for example, has laid emphasis to support producers focusing on enterprise development strategy, productivity and sustainability, although there is a conviction that this is a long term work.

In this context, the improvement of efficiency, the creation of market opportunities, training, capacity building and the organization are fundamental streams of action.

For the adoption and development of business approach it is fundamentally important to work towards the transformation of the producers into managers of their own business.

e) Enabling environment

With the participation of various actors, especially from the private sector, the state has the responsibility of creating an enabling business environment in agriculture. Many are the facilities already created in this direction, through especially CEPAGRI, but has had its focus on medium and large commercial agriculture enterprise. However, the state has done a lot in opening spaces for the participation of other non state actors in service provision to support producers. The following 2 maps illustrate this fact in Manica province, for example.

NGO Service Providers				
Name of partner	**Nr of extensionists**	**Nr families**	**Intervention areas**	**Districts covered**
Kwaedza Simukai	6	127	Agriculture and animal husbandry, associations promotion and natural resources management	Manica and Machaze
Caritas Diocesana	8 (3 extensionists and 5 promotors)	826	Agriculture and animal husbandry and community development	Manica, Macossa, Machaze, Sussundenga and Tambara
Magariro	10	6.975	Promotion of associations	Sussundenga, Chimoio and Tambara
ACDI/VOCA	2	383	Commercialization, savings and promotion of associations	Gondola
Africare	10	16.675	Agriculture and animal husbandry	Manica, Báruè and Gondola

ORAM	8	13.640	Promotion of associations and support of communities in acquisition of DUAT	Báruè, Sussundenga, Gôndola, Macossa, Guro, Tambara, Manica and Chimoio
CONCERN	3	200	Agriculture and animal husbandry and HIV/AIDS	Machaze e Tambara
OSEO	3	314	Agriculture and animal husbandry	Sussundenga and Machaze
AMERICAN FRIENDS	3	70	Agriculture and animal husbandry	Manica
FDC	1	1.175	Food security and nutrition and community development	Sussundenga
ADEM	5	174	Support to local development committees	Gondola, Machaze and Chimoio
UCAMA	3	257	Promotion of associations, organization of agriculture fairs. HIV/AIDS	Mussurize, Tambara, Machaze
Christian Council	2	773	Distribution of inputs and agriculture	Guro
Total	62	49.789		

Fomenting Companies				
Name of Partner	**Nr of extensionists**	**Nr of assisted families**	**Areas of Activity**	**Covered Districts**
Mozambique Leaf Tobaco	15	3.100	Foment of tobacco	Manica, Báruè, Sussundenga Mussurize
CLUSA/ADIPSA	7	1.513	Foment of soya and sesame	Báruè and Sussundenga
IDAA-CA	2	195	Foment of sesame	Macossa
GPZ	7	1.832	Foment of	Báruè,

			cattle, cotton and sesame	Mussurize and Tambara
Paprica	1	4.300	Foment of paprika	Báruè
CANI	4	376	Foment cotton	Sussundenga, Macossa
Sun Smile	3	220	Foment of oil seeds	Chimoio
Mafuia Comercial		600	Foment of sunflower	Báruè
GCP/079/BEL/FAO		60	Foment of cattle	Machaze
CHIPATA COTTON	2	987	Foment of cotton	Sussundenga
LAND O`LAKES	1		Foment of milk cattle	Gondola
Total	39	12.196		

8.4. Summery of specific situation in selected value chains

As stated earlier AgiFUTURO Project has selected the following nine value chains for support: bananas; pineapples; mangos; maize; soybeans (soya); sesame; groundnuts; cashews; and, forestry. Because of the commonalities in the characterization of the situation of specific value chains they were grouped in the following way: fruits, oilseeds and grains, cashew and forests. The situation in each group is as follows:

Fruits

AgriFUTURO's fruits value chains (banana, mango, and pineapple) face the following main constraints that need to be addressed:

- Unavailability of adequate banana varieties for communities
- No Service providers to secure continuous supply of fertilizers and chemicals in the two corridors
- Lack of local human capacity with experience for fruit plantation farming.
- High start up investment cost
- Lack of post-harvest facilities, such as ripening and packing facilities
- No training facility on SPS issues and export requirements
- Land access is problematic for large-scale plantations
- Labor regulation restrictions inhibit large foreign investments.
- Lack of appropriate investment capital.

Oilseeds & Grains

The greatest constraint to increased sales and competitiveness is at the input supply level of the value chains. As with other value chains, inputs are not readily available, and when available, they are expensive or inappropriate. Controlling phytosanitary conditions and reducing transportation costs are additional challenges. Specifically, the greatest impediments are the following:

- Lack of seeds that meet the yield and quality requirements for local and international markets
- Insufficient level of seeds treatment
- Low level of mechanized land preparation
- Uncertainty about which varieties to use
- Lack of credit for pre- and post-production
- Irrigation may be necessary, especially to secure production financing.
- Low transaction volumes and high transportation costs
- Lack of organized producer organizations
- Lack of market information system
- Lack of knowledge of the quality standards
- Limited availability of alfatoxin testing facilities
- Production and commercialization contracts
- Lack of processing facilities: most products currently exported raw to markets, especially Asian markets.
- Limited participation in international trade fairs and meetings
- Organic certification processes/systems lacking.

Cashew

Over the past several years, the cashew industry has attracted attention from donors, production promoters and sector specific international Forums. Illustrative example is the very important work done by the African Cashew Alliance. Important as well is the work done by AICAJU in Mozambique that has managed to bring together the cashew industrialists to collectively deal with their challenges, dialogue with government and other stakeholders and negotiate market opportunities. This value chain has improved in recent years, but lot of constraints remain. In order to respond to market demand, cashew producers must increase production volumes and quality. Cashew trees are old and are not productive as trees in the other countries competing with Mozambique. Systematically, the more specific challenges that remain are:

- Low production levels
- Low quality of the product
- Low level of in-country processing of raw nuts
- Less harmonization of quality standards

Forests
This is the value chain in which the focus of AgriFUTURO project is not much on the provision of BDS support. Companies have a great deal of capacity to manage their business and participate in the competitive markets. A major issue to be addressed has to do with the fact that the companies apply for huge sizes of land but since its exploration is gradual conflicts with communities arise due to invasions of land still not in use. This has raised political tensions that need to be resolved. Specific challenges include:

- Lack of systematic dialogue with the government to create an enabling environment for the development of the industry.
- Producers not organized to collectively address their value chain challenges.

9. General conclusions

9.1. Availability and quality of BDS service provision and the gaps

The general conclusions in terms of availability, quality and the gaps can be summarized as follows.

There are enormous deficiencies in the provision of support services to the producers to ensure quality, quantity and regularity of production geared towards the satisfaction of internal and external market demands.

There is lack of well coordinated approach and harmonization of strategies in service provision between the state, the private sector, NGOs and the financial institutions.

The state, represented by the Agriculture Department at national, provincial and district level is viewed as the one that should put in place a coordination mechanism to allow the existence of information about who is doing what, where and with which resources and what level of results and impact.

Parallel to the coordination role of the government, there is a major gap around the need for setting up standards in terms of business development services provision as well as in the establishment of platform to facilitate exchange of information and experiences among service providers, particularly in best practice.

The extension service, especially the one provided by the public sector, is to a great deal ineffective to satisfy the demand of the producers, because of small number of qualified personnel, as well as the constraint of resources.

SISNE has not been very successful in terms of its role out on the ground, because again of coordination problems and resources constraints. Elements of its design and conception remain of critical importance for an integrated action towards a comprehensive extension service countrywide.

There is a general lack of machinery (tractors, bulldozers, etc.) for land preparation services. This problem is particularly acute in the cashew and forestry industry where clearing of huge areas of land is required.

The state, through the Local Initiatives Investment Fund (The fund known as *the 7 million*) has been funding local associations and individual operators to purchase tractors for land preparation.

The land preparation service is almost integrally provided by Associations, Cooperatives, private companies and individuals.

The individuals who run between one and two tractors are the main service providers on land preparation. They generally do their business on informal basis, some of them with no license and no organized administration and management capacity.

Small holder producers generally find the services provided as very expensive, except in the cases of associations and cooperatives that provide services to members at relatively reduced rates.

Operators of tractors find their business not profitable due to high cost of operation because of problems such as constant machinery break downs, shortage of spare parts and very expensive and sometimes non-existent fuel and maintenance services. In the more productive remote areas there is no capacity for machinery maintenance and the situation does not stimulate service providers to position themselves in those areas.

The state, through specific programs supported by agencies such as USAID, FAO and within the context of the Green Revolution, does the distribution of seeds mainly through private entities and organized associations and cooperatives. However, the quality and the level of out-reach remain a major challenge. Similarly and through the same programs the state also does the distribution of agro-chemicals such as fertilizers, herbicides, insecticides, etc.

The major service providers in the input supply are largely the agro-dealers, ranging from major companies such as Pannar, Green Field, Agrifocus, to brokers like IKURU and CLUSA, to local associations, shops and small market places and informal *bancas*. However, these operators are mainly based in the province or district capital cities and therefore difficult to be accessed by producers from the remote areas of the country. This situation makes access to inputs very difficult and expensive.

The supply of seeds, in particular, is also viewed as very critical. In fact many people refer to the issue of quality of seeds provided as a major problem. There were many instances that the seeds provided by the suppliers to the producers had very low germination power.

Producers themselves produce their own seeds, for example. However, the quality is very poor. There is confusion between grain and seed.

Constantly there a time gap between basic seed production and the multiplication period. In terms of the genetic improvement of seeds, the situation is that it takes 3 to 5 years to produce basic seed and as a consequence the improved seed in circulation become degenerated before the basic seed is released.

During the needs assessment exercise, no specialized service providers were identified offering specific services as agro-dealers in plantation, irrigation, weeding and harvest, altogether or individually. The services of planting, irrigation, weeding and harvest are solely of the responsibility of the producers themselves at more elementary ways on the part of small producers and more advanced technologies on the part of medium and large size companies. The small holder producers also receive technological advice through the state or private extension service where it reaches out

The fruit sector, at commercial farming level, given its dynamic, has great sensitivity to irrigation service needs. However, the sector also relies on its own internal investment.

In the small holder production sector, there is great lack of capacity and service provision in the areas of post harvest handling and processing to add value to products and maximize the market access opportunities. There is lack of simple machinery that can be used, for example, to select and clean grain before supplying the local and external markets.

Some associations and families, in Manica province largely, use simple machines to press oil seed and produce oil, without a lot of business expression when it comes to levels of financial yields.

The fruit growers, the government and other stakeholders expressed a strong need for a fruit processing industry to maximize the existing production potential in Manica province.

In terms of commercialization, the situation is characterized by weak and uncontrolled network. The network of rural *cantinas* (shops), that historically used to be active vehicles for commercialization of agriculture produce, especially cashew nuts, has been heavily damaged during the last civil war. As a result, in remote areas there is no infrastructure to support commercialization processes.

The most needed infrastructures for commercialization are the warehouses where producers, especially small holder farmers, can go and sell their products. There are extremely few of them.

In general, the deficient quality of road, electrification and communication infra-structure does not facilitate access to profitable markets of agriculture produce.

The cashew nut industry is particularly affected by low prices in the international market and a very weak local market.

The situation is also characterized by major companies and brokers organizations that buy major quantities of agriculture products, such as IKURO, OLAM, Export Market, etc.). However, the issues of quality and accessibility to remote productive areas of the country remain critical.

There are, on the other hand, commercial companies that buy large quantities of products for local market and export, but also they do not reach out to remote areas of the country.

Substantial part of agriculture products is sold to ambulatory buyers at very low prices, often dictated by the buyers themselves. Considerable part of these buyers that use fleet of trucks are becoming fewer in quantity and frequency due mainly to scarcity of fuel and maintenance services on one side and, on the other side to business management capacity.

There is lack of information among producers in determining the prices of products and there is no platform for articulation of ideas and for concerted action towards defending their commercial rights.

The financial products provided by financial institutions, including the ones with inclination to agriculture financing, do not yet satisfy agri-business needs because they are more generally directed to processes of buying and selling and do not support other segments of the value chain.

The lack of financial resources on the part of producers limits the capacity to increase areas of production and, consequently, income in a perpective of the economy of scale.

The Local Initiatives Investment Fund has been providing assistance to agriculture activities, especially to associations, to increase areas of production. However, its contribution has been irregular and not well articulated with the production cycles in a value chain development perspective.

Various organizations implement capacity building and technical assistance to producers to improve quality and quantity of production, but there are still

enormous challenges at the level of organization and capacity of producers. It also evident the lack of technical assistance to producers in all the value chain, from land preparation to placing the product in the market.

The situation is generally characterized by a deficient provision of information to producers about products, markets, prices and services. The flow of information is often secured by the few extensionists and community leaders in some districts.

The community radios would play an important role in disseminating information to producers. However, in the few places where they exist they are not fully utilized due to lack of coordination between those who are supposed to produce information and the entities that manage the radios.

There is an enormous problem of change of attitude, habits and behavior on the part of producers, especially towards the adoption of new technologies and a culture of hard work.

The experience of working with associations has shown that they are less effective and that the impact of their work is minimum. They function more as social entities and for collective survival and not as organizations that work to maximize the opportunities to access resources, training, information and markets. There are few exceptions such as, for example, the Associations in Ribaue and more particularly the Forum 1º de Maio that has received the patent "Made in Mozambique" from the Government for the quality of their work.

IFDC (the International Fertilizers Development Centre), in Chimoio, supports the network of input suppliers with the fundamental objective of taking the inputs closer to producers with sensitivity to aspects such as quality and price. In this context they support the emergence of the Association of Agriculture Inputs Traders in the Nacala and Beira Corridors. Through this association will facilitate the process of training traders on business management and linkage with banks to access finance. The association will also be an important vehicle for joint procurement and advocacy for the improvement of business environment. The association will also be supported to obtain information about markets, to acquire capacity for semi-processing of inputs and to be a vehicle to strengthen the extension work.

There are experiences that can be used as sources of inspiration and reference in the attempt to promote well articulated strategies for BDS provision in a manner that builds local organization and capacity for self-drive. This is the case of the Nacololo Service Cluster model, known as Business Support Centre (CAN - Centro de Apoio a Negócios). On the other hand, there is a number of organizations that make interventions aimed at bringing about solutions to improve BDS provision environment with the ultimate objective of supporting

producers to be competitive in the agri-business domain. Such organizations include CLUSA, SNV, IKURU, ADIPSA, ADEM, etc.

10. Recommendations

10.1. General recommendations

a) Promotion of mindset change

It is generally recommended that in the overall strategy of BDS provision a mindset model of intervention be implemented so that all involved actors, especially the producers, can gradually change attitudes and behavior towards the adoption of new technologies in order to ultimately increase quality, quantity and regularity of production to satisfy the increasingly higher demands of the local, national, regional and international markets of agriculture products. The potential of the suggested model (see illustration under) is two fold: It is a development strategy while at the same time is a mindset change theory model.

To explain the double function of the strategy/model an example can be given of its application in the fruit value chain development in the Nacala corridor, where there is still a great need for change of attitudes among fruit growers and a strategy to develop the sector.

The first phase consists of working towards changing the mindset of people about their potential to scale up the production of fruit in quality and quantity to satisfy the demands not only of the local consumption market but also the national and international markets. The aim of this phase is to build a vision of self-determination where producers begin to say “we can do it ourselves” and, therefore, break the barriers of conservative mind-set and lack of self-confidence.

In the case of the fruit industry, this can be done fundamentally by implementing three sets of activities:

- Identifying a group of reference of fruit producers and to them and through them disseminate constant messages that a different way of doing business in the fruit industry is possible and inspire the members of the group to become role models and a nucleus for the establishment of a future association of fruit growers.
- Organize study visits of the reference group to places in Mozambique and outside the country where there are successful experiences of the fruit value chain development for learning. Learning by exposure to successful experiences has a great potential for mindset change.
- Provide comprehensive training to members of the group in agro-technology specific to fruit production in all aspects of the value chain.

The second phase consists of making focused investments so that people can begin to apply the experience and the knowledge acquired during the first phase while the mindset change messages continue to be constantly transmitted. Is the phase that leads to yielding quality examples that can be appropriated and replicated. Is also the phase where people involved begin to align self-confidence in terms of mindset. In the fruit industry example this would mean:

- Provide support to the group to produce fruit in quality and gradually in quantity, by facilitating access to finance, inputs and technology. Permanent technical assistance by specialists in the value chain is highly needed at this stage.
- Promote the group to become the diffusers of new messages towards mobilizing and promoting mindset change among the larger community of fruit growers, using their new knowledge and experience, and their farms as examples. Therefore, the group becomes the role model and example to others
- Support an on going process of establishing an association of fruit growers.
- Facilitate a participatory process of designing a fruit industry development vision and strategy, with the support from a specialized technical assistance.

The third phase consists of continuing to transmit messages to gradually deepen the alignment of confidence, making increased investments and scale-up the experiences and the model that has been developed. In the example of the fruit industry this would be done through:

- Promote a wider sharing of the experience and technology, using the reference group as the role model.
- Promote increased investment to all those who show self-confidence.

- Facilitate the emergence and the operationalization of the fruit growers association.
- Promote the appropriation and replication of the experience and technology to other growers in the Nacala Corridor and elsewhere.
- Package a mindset change drive and intervention strategy for scaling-up and mainstreaming.

b) Establishment of 8 Agro-business Development Hubs

The idea of recommending the establishment of hubs derives from the fact that there is a need to focus investment on specific sites with high potential in terms of production in the selected value chains and where the experiences can be easily monitored to yield quality examples that can serve as intervention model to be replicated elsewhere.

The concept of Agro-business Development Hub (ADH) is equivalent to the concept of Agro-business Service Clusters (ASC). As a concept it can be defined as a grouping of enterprises, NGOs, financial and other institutions, as well as infrastructure along the value chain of a particular commodity. Clusters also include specialized involvement of providers of goods and services, associations, research organizations and educational institutions to support production and productivity and agri-business in general.

In practical terms an ADH will serve as a space where there will be a concentration of most needed services to promote agri-business in the potentially more productive areas of the Nacala and Beira corridor in the selected value chains.

The proposed ADHs in the two corridors are the following:

Table: Recommended areas of Agri-business Service Clusters

Nacala Corridor		
Hub	**Value Chains**	**Agri-business Services**
Nacololo	Groundnuts and sesame	• Beneficiation, • processing, • commercialization, • machinery centre, • tools and inputs centre, • business, • transport and warehousing
Nametil	Groundnuts and sesame	
Cuamba	Groundnuts, sesame and soya	
Gurué	Soya and maize	

Beira Corridor		
Chimoio	Fruit	• Beneficiation, • processing, • commercialization, • machinery centre, • tools and inputs centre, • business, • transport and warehousing
Gorongosa	Maize and soya	
Manica	Manica and soya	
Angónia	Soya and maize	

All the hubs will have a common package of services and private entities and individuals will be supported to invest on the specific clusters of services on the basis of their competence and specialization and manage as private business.

Each ADH will have the following package of service clusters:

- Beneficiation,
- Processing,
- Commercialization,
- Machinery centre,
- Tools and inputs centre,
- Business Development Service Centre
- Transport and warehousing

Additionally to the ADH the support to the establishment of FOSCs (Farmer Owned Service Centres) is also recommended. Conceptually a FOSC is an integrated agri-business approach guided by short, medium and long-term market analysis, supported by appropriate technologies and policies, with the overall goal of increasing the income of all value chain integrants, particularly of the FOSC members. Members of FOSC can be cooperatives or farmers associations. The FOSCs would be established in areas of higher production potential, preferably around the ADHs but focusing on a specific value chain.

Field work in each of the proposed ADH and FOSC should be carried out for a detailed understanding of the reality and the more specific needs of each site and to identify who are the potential main key players (e.g. producers and what they produce, institutions and roles, business operators and their needs, etc.). This would need to be done immediately with enough time (for at least two days visit to each hub).

c) Extension services

It is recommended that the support to implementation of the National Integrated Strategy of Rural Extension as designed by the Government be done in optimal productive environments (e.g. in one of the ADHs and FOSC areas) with an intention to reach four main goals, which are:

- To increase farm production and productivity.
- To increase the value of production and ensure food security by (a) enhancing diversification, (b) promoting value-added processing, (c) improving post-harvest storage, and (d) promoting the establishment of well-functioning markets.
- To involve farmers in the contractor's decision making processes, including in the planning, implementation and evaluation of the extension program of work.
- To encourage the association of farmers into agricultural groups based on agricultural production special interests, cost sharing as appropriate and other criteria including socio-economic criteria.

d) Seeds

The recommendation is that support be given to strategic interventions aimed at ensuring the supply of quality seeds to producers. The activities to be supported could aim at:

- Liberation of the basic seed with quality and in quantity and on time for delivery to seeds multipliers.
- Strengthening the capacity of the IIAM, DPAs and SDAEs to be able to do inspection to multiplication fields and carry out the necessary hands on capacity building/training to people involved.
- Strengthening the capacity of the existing certification service of the Ministry of Agriculture to be able to certify seed quality and control seed quality provision to producers. This could be done through providing technical assistance in the establishment of an intervention capacity and its decentralization to most potential areas of agriculture production.

e) Information and communication

Systematic provision of information to producers, especially around products, inputs, technology, markets, prices, etc. is vital to ensure agro-business development within value chain concept perspective. Therefore, the following interventions are recommended:

- Support the emergence of community radios and/or strengthen the capacity of the existing ones to be able to provide information to producers in real time, especially in the areas covered by the ADHs and the FOSCs. Specific work

arrangements should be made with the Community Radio Forum (FORCOM) and the Institute of Social Communication (ICS).

- Promote agriculture products fairs at administrative posts or district level in strategic production areas, so that they can fundamentally serve as experience sharing and information dissemination spots.

f) Organizational development of producers

In agri-business, particularly within the perspective of value chains development the collective action approach is very important, especially to access information, capacity building services, inputs supply and to carry out advocacy work for a wider enabling environment for agri-business. The following interventions are recommended:

- Support the provision of organizational development services to producers that are organized in a form of associations or cooperatives or have interest and potential to do so. The aim should be to transform all these forms of organizations into entities that have the necessary capacity to organize production and access agri-business services and, ultimately move from social service focus to business oriented organizations.
- Support, especially, the ongoing initiative of establishing the Association of Agro Inputs Traders (Associação dos Comerciantes de Insumos Agrícolas) considering the potential that they have to influence the provision of quality inputs at fair prices to producers.

The support to these organizations would include: institutional development and registration, management capacity in particular, technical assistance on technology adoption and transfer, capacity to build capacities among members, etc.

g) Functional literacy

It is an activity of extreme importance considering the high levels of illiteracy in the rural areas of Mozambique and the consequent difficulty for producers to master the abilities of writing, reading and numeracy which are important for designing basic production and business plans, definition of prices, cost, etc. The specific recommendation in this area is to support the work of CLUSA in order to adapt the materials and methodologies used in the cotton industry in Murrumbala to selected value chains and train trainers from the provincial and district education departments so that they replicate the experience in selected potential production areas in the two corridors. For the long term implementation of the activity itself the state should be brought in to take ownership by adopting and replicating the methodology.

h) Coordination mechanisms

Coordination among different stakeholders becomes an important tool to promote learning across the board and from good experiences and best practice and to ensure the necessary harmonization of service provision strategies. The following interventions are recommended:

- Promote the establishment of a coordination mechanism at corridor, value chain and program level, with strong involvement of the Rural Extension Department of the Ministry of Agriculture at all levels including provincial and district for long term sustainability, with special priority to holding regular meetings and setting up of a data base of who is doing what, where, with whom and with what results and impacts. The mechanism(s) should be supported to have a strong capacity to circulate information to stakeholders as a means to promote mutual learning and sharing of best practice on service provision in BDS.

- Promote regular meetings (e.g. annual meeting) of major BDS facilitators/investors/projects such as relevant Government institutions, AgiFUTURO, Promer, World Bank, USAID, IFAD, FAO, FINIDA, etc. To articulate ideas about how to harmonize intervention strategies and maximize the investments made in the various segments of the value chains.

i) Financial services

To increase the level of flow of financial inputs to promote BDS as well as the levels of production and productivity the following recommendations are presented:

- Promote amongst financial institutions that are already motivated and oriented towards working in the agriculture sector the development of financial products appropriate for agri-business and oriented to all segments of the value chains. This could be done through:

    - Support capacity building events to bank managers, other financial dealers and key staff to deepen their understanding on the concept and practice of agriculture value chains.
    - Continue with the initiative of supporting guarantee funds and reshape their modality to enable greater access to financial resources by BDS providers and producers.
    - Support organizations with the capacity to work with producers for finance access intermediation by adopting approaches such as the social collateral.

- Influence the orientation of FIIL resources to prioritize agri-business projects in the districts.
- Provide incentives for the emergence of specialized finance schemes such as Catalytic Fund, Venture Capital Fund and Value Chain Capital Fund. These funds would function as business brokering mechanisms for the development of agri-business. Fund development specialists would be deployed to design the details of operationalization of such funds.
- Support the process of transforming the ASCA approach into Village Banks and adjust the scheme to supply financial products to the agri-business sector.

j) Operacionalization of *cantinas rurais*

It is recommended that special credit mechanism be promoted to support the re-emergence of *cantinas rurais* (rural shops) in very productive and remote areas where visibly they can play a major role as the first hand opportunity for market access by small holder producers. Mapping of these areas would help to focus the investment against a set of criteria. Financial institutions would be motivated to participate in the funding scheme of *cantinas rurais.*

10.2. Recommendations on specific value chains

Again, considering the similarities of action to be undertaken for the sake of the recommendations, the value chains are grouped in the following way: fruits, oilseeds and grains, cashew and forests. The recommendations in each group are the following:

Fruits

- Support processing initiatives by private entities that show interest and have capacity and technical competence. Existing ideas, such as the Macate project, in Gondola – Manica province, should be explored for possible investment.
- Support the establishment of the Fruit Value Chain Association in the Nacala Corridor, in particular, and reinforce organizational mechanisms for collective voice across the two corridors and at national level.
- Support the emergence of the Tropical Fruits Training Centre, to be established in Nampula, promoted by the Provincial Directorate of Industry and Commerce within the context of the Enterprise Competitiveness Support Program.

Oilseeds and grains

- Support actions towards improving the availability, affordability and quality of seeds and inputs supply services, in line with the recommendations provided in the sections about seeds and inputs, particularly focusing on the Agriculture Cluster Service concept.
- Support the provision of infra-structure for processing and value addition services.
- Support technological transfer and capacity building on modern production techniques.
- Undertake a market study and disseminate respective information to market linkage service providers.

Cashew

- Support efforts towards the reposition of the old cashew tree population focusing especially in the more productive areas of the country.
- Support advocacy for government incentives aiming at promoting more production, including provision of subsidies to the most important nodes of the value chain (from production to processing).
- Support in-country organizational mechanisms of producers and industrialists (e.g. AICAJU) to enable their active participation in the international lobby for improved market opportunities and for increased in-country processing of the product.
- Promote education activities, especially among small holder producers, about the specificities and the dimension of the cashew product in the national and international market.

Forests

- Support forms of organization of the value chain operators to be able to advocate for an enabling environment in the forests industry, especially the idea of creation of an association of operators of forestry resources.
- Support the establishment of a Training Centre on Management of natural resources, particularly the natural and exotic forestry resources.

10.3. Areas of training/capacity building

Key and priority areas of training and capacity building for different actors ranging from BDS providers to producers themselves are summarized in the packages bellow, not necessarily in order of priority because they are complementary to each another:

Package 1	ASSOCIATIONS AND COOPERATIVES PROMOTION	
Target Group	***Target group 1***: • District Administrators • Chiefs of Administrative Post • Members of the District Consultative Council • Leaders of production ***Target group 2***: • Heads of SDAE • Extension Supervisors • Extensionists	
	General Objective	To strengthen the capacity of district governments and production leaders with the aim to promote the emergence of associations and cooperative among producers for organized access to technical assistance, inputs and services and to market opportunities.
	Indicative Content	• Legislation on Associations and co Cooperatives • Registration processes of Associations and Cooperatives • Governance of Associations and Cooperatives. • The role of the state in promoting associations and cooperatives • Advantages of associations and cooperatives in business development. • Support in the organization and management of associations and cooperatives • Promotion of producers based financial schemes and institutions such as Solidarity Groups, ASCA and SACCO.
	Main partners	• CLUSA • National Association for Promotion of Cooperatives (in formation) • Others to be identified
	Mode of provision	Training course in presence, with reference toolkits
	Level of provision	Interdistrict and interprovince, in the ADHs sites.
	Duration	7 days
	Cost estimates	TBD

Package 2	RURAL ECONOMY 1	
Target Group	• Administrator • ETDs • SDAE • CCDs • Chiefs of Administrative Posts • Leaders of Associations and Cooperatives • Key Agro-dealers • Leaders of production	
	General Objective	Promote change of atitudes in relation to decentralization: challenges and opportunities posed by this process for local economic development.
	Indicative Content	• Decentralization strategy as a concept to promote local economic development. • Strategic vision of district development • Community development, consultation and representativity. • Concept, promotion and development of value chains • Local investment on income and employment generating initiatives. • Understanding of rural economy and its promotion in the present district development context
	Mode of provision	Reflection Seminar
	Level of provision	Inter-district level
	Potential partners	TBD
	Duration	2 days
	Cost Estimates	TBD

Package 3	RURAL ECONOMY 2	
Target Group	• **DPA** • **District Administrators** • **SDAE** • **ETD**	
	General Objective	Create capacity among provincial and district governments to manage integrated local economic development in which agriculture and agri-business play a catalytic role.
	Indicative Content	• Concept, practice, promotion and development of value chains • Identification of market opportunities and market linkage • Partnership development • Access to finance and investment opportunities • Service provision promotion in agri-business for competitive development of agriculture in the contexto f rural economy.
	Mode of provision	Training course in presence, with toolkits
	Level of Event	Provincial level.
	Potential partners	TBDr
	Duration	5 days
	Cost Estimate	TBD

Package 4	PROMOTION AND ORGANIZATION OF MARKETS AND FAIRS	
Target Group	• SDAE • Chiefs of Administrative Posts • District Extension Supervisors	
	General Objective	Improve the capacity of promoting markets and fairs at district and administrative post levels as a way of fomenting market opportunities and information and communication spaces.
	Indicative Content	• Concept of local markets and fairs as market and information and communication opportunities. • Identification of potential agro-products and producers. • Planning, promotion, organization and management of markets and fairs. • Partnership development for promotion of markets and fairs.
	Mode de provision	• Technical assistance • Capacity building workshops • Toolkit development
	Level of Event	District level in selected districts
	Training provider	TBD
	Duration	3 days workshop
	Cost Estimate	TBD

Package 5	AGRO-TECHNOLOGY AND AGRO-BUSINESS	
Target Group	• SDAE • Supervisors of rural extension and extensionists • Leaders of Production • Leaders of Associations, Cooperatives and Forums • Agro-business dealers	
	General Objective	Enlarge the capacity to introduce profound changes in agro-production technology and in the technical assistance to producers to increase the opportunities of acces to markets.
	Indicative Content	• Characterization of producers • Structure of agriculture in the country • Processes of communication and diffusion of innovations • Planning and evaluation of extension programs taking into account production cycles in different value chains. • Methods and techniques of adequate use of production technologies • Promotion of associations and cooperatives in a commercial perspective • Creation of data bases on producers, products and income • Negotiation skills • Integrated use of agriculture products and sub-products • Rural finance services
	Mode of provision	Training course in modular regime in 2 training events
	Level of event	Inter district level
	Training provider	TBD
	Duration	7 days
	Cost Estimate	

Package 6	BEGINNING, DEVELOPMENT AND MANAGEMENT OF BUSINESS	
Target Group	• SDAE • Supervisors of rural extension and extensionists • Leaders of production • Leaders of Associations and Cooperatives • Agro-dealers	
	General Objective	Develop business vision and skills among producers and agro-dealers in general for improved agri-business environment.
	Indicative content	• The concept of business • How to begin a business • Basic business planning • ABC of business management • Labor Law • Fiscal legislation
	Mode of provision	• Training course in presence • Technical assistance • Mentorship
	Level of event	Inter district
	Training provider	TBD
	Duration	7 days
	Cost Estimate	

It is recommended that a specialized capacity building expertise be contracted to design a more detailed plan of implementation of the capacity building plan, including the design of detailed content of each training area.

ANEXOS

List of Interviewed Institutions and People

SDAE do Distrito de Mogovolas	Shamim Jalilo, Técnico Hortêncio Zeca, Técnico
INCAJU, Mogovolas	Airone Macuiza, Delegado Distrital
Forum de Nametil	Carlitos Colete, Conselheiro
Administração de Mogovolas	Alberto Albino Namahala, Administratdor
Fábrica de Moinhos de Nanhupo Rio	Estêvão Momade
Provedores de Serviços de Pulverização de Mogovolas	Pedro Romão Alberto Matias Braimo Sebastião Motheia
SNV, Nampula	Colm O´Rail
SDAE de Ribaue	Alfredo Nampuio, Director
SDAE de Malema	Delito A. Majaja Rabia João
SDAE de Alto Molocue	Eng. Candua, Director
FEDAMOZA (Federação de Agricultores de Alto Molocué)	Damião Caixão, Presidente
Molocue Agro-Processadora	Mussa, Sócio Gerente
COPSA - Cooperativa de Prestação de Serviços Agrícolas de Gurué	
Visão Mundial – Gurue	Eng. Massa
Transportador privado	Francisco Amade, Transportador
Transportador privado	Marcos Saide, Transportador
SDAE de Sussundenga	Castigo, Técnico
SDAE de Gondola	Matias Juga, Director Adjunto
SDAE de Gorongosa	João Juga, Chefe Distrital de Extensão
Micro Banco Financeiro de Gorongosa	Cardoso Charles, Gerente
SDAE de Angónia	Fernando Assane, Director
Cooperativa de Crédito de Micro Empresários de Angónia	Virgílio Benjamim, Gerente
SDAE de Tsangano	Raul V. Fernandes Assis, Director
Produtora privada de Tsangano	Teresinha Ludovico, Produtora do distrito de Tsangano
IFDC, Chimoio office	Gil Mucave, Representante
DPA – Manica	Ana, SPER
Banco Terra – Chimoio	Arquimedes Mahanjane, Gestor
SNV	Castiano, Técnico

ADEM	António Zaqueu, Técnico
CLUSA	Carlos Alberto Sanchez Perez, Gestor do projecto
ADIPSA	Karen Lindegaard, Assessora regional
Agrifuturo	Carlos Costa, Director do Projecto Rosário Matavele, Director BDS Júlio Costa, Gestor - Nampula Francisco Jr.(Gestor - Chimoio Arlindo Mendonça (Técnico de fruta - Nampula) Jeremias, Técnico – Nampula
Administração de Ribaué	David Joel, Administrador
IKURU	Moisés Raposo, Gestor
UCODIN	Felicidade Muiocha, Directora
DPA- Nampula	Eng. Duarte, Chefe do SPER
Produtor privado	Agostinho Pedro, Agricultor privado
SDAE de Monapo	Duarte Pedgy, Substituto do Director
CAN de Nacololo	Mussa Agostinho, Membro do Fórum
Produtor privado	Armando Deixa Castigo, Agricultor privado
Banco Oportunidade, Chimoio	Sicco Kolijm, Gestor
CLUSA, Chimoio	Stefano Gasparini, Gestor
Manica Mbeu	Vilanculos, Proprietário
ADAMA	Óscar, Técnico
Kwaedza Simukai	Dinis Zandamela, Administrador
Transportador privado	Jorge Lemos, Transportador
Transportador privado	Manuel Chicote, Transportador

Terms of Reference (ToR)

Business Development Services (Nacala & Beira Corridor)

Subject	Needs Assessment for Business Development Services in Nacala & Beira Corridor	
References	International Senior Expert	AgFT/BDS/INT/2009
	Local Senior Expert	AgFT//BDS/LOC/2009
	Local Junior Expert	AgFT//BDS/JUN/2009

Background

The purpose of USAID AgriFUTURO is to increase Mozambique's private-sector competitiveness by strengthening targeted agricultural value chains. The project focuses on value chain development as a means of creating incentives to improve the enabling environment, expand and strengthen business development services, build linkages between agribusinesses and financial services providers, and increase and strengthen public/private partnerships. USAID AgriFUTURO will leverage innovations and improvements in specific value chains to improve the competitiveness of Mozambican agribusiness in general and to bring about change in the overall business environment.

The Project has four components:
Abt Associates focuses project assistance on a target group of high-potential agricultural value chains. The selected nine initial value chains are bananas, pineapples, mangos maize, soybeans, sesame; groundnuts; cashews, and forestry. The project is comprised of four components:

1. Improve the Enabling Environment for Agribusinesses
2. Expand and Strengthen Agribusiness Development Services
3. Build Linkages to Financing Services for Agribusiness Development
4. Increase and Strengthen Public-Private Partnerships

Under Component II, USAID AgriFUTURO, in Year 1, will seek to improve the quantity, quality and appropriateness of business development services available to the target value chains and the agribusiness sector in Northern Mozambique. This component is comprised of three activities:

- Activity 2.1: Developing value-chain- focused, private sector-run agribusiness service clusters
- Activity 2.2: Rolling out and expanding farmer-owned service centers
- Activity 2.3: Building the capacity of service providers in the target value chains

Under activity 2.3, USAID AgriFUTURO will provide assistance to selected agribusiness development services providers that currently provide or could provide services to the project's target value chains. These service providers include all service providers range from small- and medium-sized agro-

processors and service providers to small farmers participating in the Emerging Commercial Farmer Initiative and financial services providers.

Objective

The overall objective of “Needs Assessment for Business Development Services” is to identify current agribusiness development services capacity, including the identification of potential service providers.
Develop agribusiness development services providers coaching, mentoring and capacity building plan focused on increasing long-term sustainability to guide all BDS-related activities trough assessment of training, information and consulting needs of local enterprises, especially those in the location along the Nacala and Beira Corridor.

More specifically, the assignment will focus on assisting local enterprises to improve their competitiveness and expand into provincial national and global markets.
The Assignment results will be summarized in a Business Development Services Needs Assessment Report, including the following:

- The current operational, administrative and entrepreneurial capacities of the target group
- The business development services (information, consultancy and training) to be provided to the target group to improve the competitiveness of the local agribusiness industry.
- Overall contents, methodology and the duration of the business development services to be provided to the target group.
- Profiles of participants to the multi-participant training programmes.
-

Scope The scope of the Assignment covers the following activities.

- Development of a methodology, through which the needs of business development services will be conducted;
- .

Development of the Business Development Services Needs Assessment Report including concrete outputs on the followings:

- The current operational, administrative and entrepreneurial capacities of the target group
- The business development services (information, consultancy and training) to be provided to the target group to improve the competitiveness of the local industry.
- Overall contents, methodology and the duration of the business development services to be provided to the target group.
- Profiles of participants to the multi-participant training programmes.

Short Term Technical Assistance Experts

The assignment will be carried out by a team of experts composed of an International Expert, a Local Senior Expert and 2 Local Junior Expert (one in Nampula one in Chimoi). Under the guidance of the Technical Assistance Team,

in particular the Business Development Service Director, the International Expert will lead the work of the Local Senior Expert and the Local Junior Experts. The overall responsibility for the quality of the final output and the adherence to the deadlines rests with the Team Leader (International Expert). The Team Leader will make sure that he/she understands the expectations of USAID-AgriFUTURO Project.

4- Deliverables and schedule

The main activities, deliverables and the division of tasks between the short-term experts are as follow:

1- Inception Report: Development of the Methodology (questionnaires, surveys, business diagnostics and discussion with AgriFUTURO) 5 days after signing a contract;

2- Draft report for presentation: Office and Field work: desk review, field need assessment for BDS and presentation to stakeholders. 20 working days;

3- Final need assessment report 10 days after presentation 5 working days

Candidates who cannot commit to the deadlines above should not apply for the positions.

Weekend days are not considered working days, unless used for meetings and/or reporting. The short-term experts must obtain COP clearance before working on weekend days.
In more detail, the distribution of tasks between the different team members will be as follows;

The **International Senior Expert** will provide overall methodological guidance and quality assurance for the assessment. He/she will also lead the work of the Local Senior Expert and the Local Junior Experts. In particular, he/she will be responsible for the following – in most cases assisted by the Local Experts and the AgriFUTUROs Technical Assistance Team:

- Feedback on the methodology and content of the Business Development Services.
- Questionnaires and focus group meetings with the SMEs in Nacala and Beira Corridor
- In-depth analytical studies (business diagnostics) in 9 value chain selected as AgriFUTUROs top priority in Nacala and Beira Corridor
- Designing questionnaires and guidelines for in-depth interviews with stakeholders in in Nacala and Beira Corridor
- Evaluating the results of the interviews in a report.
- Design and Delivery of a presentation on the findings of the Assessment for the stakeholders of the Project in Nacala and Beira Corridor

- Writing the final Needs Assessment for Business Development Services report.

- Inception Report: The report should demonstrate the methodology and techniques of the needs assessment along with a concrete time plan

- Interim Business Development Services Need Assessment Report: Based on the methodology and techniques proposed in the Inception Report, the Interim Business Development Services Needs Assessment Report should present the preliminary framework of the business development services to be provided to the main target groups of the assignment.

- Final Business Development Services Needs Assessment Report: The final report should reflect the outcomes of the feedbacks from the stakeholders of the Project upon the presentation of the Interim Report.

The Final Business Development Services Needs Assessment Report should include concrete outputs on the followings:

- The current operational, administrative and entrepreneurial capacities of the target group
- The business development services (information, consultancy and training) to be provided to the target group to improve the competitiveness of the agribusiness industry.
- Overall contents, methodology and the duration of the business development services to be provided to the target group.
- Profiles of participants to the multi-participant training programmes.

The **Local Senior STTA and the Local Junior STTA** will work under the direction of the **International Expert** and the AgriFUTURO Technical Assistance Team. In particular, they will be responsible for the following activities:

- Review of data and previous research.
- Assistance in the development of the methodology.
- Data collection and preliminary analysis, as directed.
- Conducting 9 velue chain in-depth interviews with different SMEs
- Conducting interviews with local stakeholders.
- Collection and analyzing previous SME development projects for Business Development Services.
- Implementation of the multi-stakeholder presentation, as directed
- Assistance with the final report.

The Local **Junior STTA** is also expected to assist with the following:

- Collection of regional and national data, as directed by the Technical Assistance Team.
- Research previous Mozambique (Nacala and Beira Corridor) SME development projects for the needs assessment for Business Development services Report.

The deliverables will be submitted to the Business Development Service Director. All reporting will be done in English.

Timing and Duration

Contract Start Date : 01/25/2010
Contract Completion Date : 03/15/2010
Total number of working days :

- International Senior Expert : 30 working days
- Local Senior Expert : 20 working days
- Local Junior Expert : 10 working days

Place of Work

The International STTA and Local Senior STTA will carry out the assignment both at Maputo and in Nacala and Beira Corridor. For the Local Junior STTA, the assignment shall be carried out in Nacala and/or Beira Corridor only.

Services and Facilities to be provided by AgriFUTURO

AgriFUTURO will provide project documents and background information. The meetings and the workshops planned for the assignment will be organized by AgriFUTUROs project team. AgriFUTURO will also provide working space for the short-term experts at the project office in Maputo, Nampula and Chimoio. During the assignment the short-term experts may use the facilities of the local project office (i.e. internet access, printing, copying, local phone calls etc.); however the short-term experts are expected to use their own personal computers. AgriFUTURO will also make available the office car for travel within Maputo, Nacala and Beira Corridor.

Payment

The short-term experts will be hired under a Special Service Agreement (SSA) contract and be paid in USD (or equivalent in MZM) on the basis of the number of days worked, as approved by AgriFUTURO Project. Payment will be made upon the submission and approval of the final Needs Assessment for Business Development Services Report. For the payment procedures, the short-term

experts should submit a timesheet demonstrating the working days allocated for each task. The amount paid shall be gross and inclusive of all associated costs such as flights, hotels, social security, pension and income tax.
The local , travel costs (Maputo, Nampula, Chimoio, Maputo) will also be paid by AgriFUTURO.
The subsistence allowance during the work will be paid 80% in advance.

Minimum Qualifications

International Senior Expert

General Qualifications	• University degree in business administration, administrative sciences (i.e. management, economics etc.), social sciences (i.e. regional development etc.), or relevant field of business development services, entrepreneurship development, engineering (i.e. industrial engineering etc.) advance degrees preferred • Fluency in English • Computer literacy • Portuguese will be considered an asset
General Professional Qualifications	• At least 15 years of professional experience • At least 10 years of international experience, in particular in developing or emerging economies
Specific Professional Experience	• Extensive knowledge of Mozambique rural development and Commerce & Industrial • In-depth knowledge of business development services, competitiveness, investment promotion, local economic development, technological development, marketing/exporting quality assurance systems, environmental standards, USAID Norms etc. • Extensive knowledge and expertise on Business Development Services and design of business diagnostic tool, delivery of business development services in the SMEs. • Experience in enterprise and/or private sector development projects and/or programmes,

	funded by international donor agencies. •

Local Senior Expert

General Qualifications	• University degree in business management, administrative sciences (i.e. management, economics etc.), social sciences (i.e. regional development etc.), or relevant field of engineering (i.e. industrial engineering agronomy engineering etc.) advance degrees preferred • Fluency in English and Portuguese • Computer literacy
General Professional Qualifications	• At least 10 years of professional experience • At least 5 years of international experience (i.e. having worked in an international setting or in internationally funded projects)
Specific Professional Experience	• Extensive knowledge of Mozambique Rural development, Commerce & Industrial Policy as well as development corridor initiative in Mozambique. • In-depth knowledge of business development services, competitiveness, investment promotion, local economic development, technological development, marketing/exporting quality assurance systems, environmental standards, USAID Norms etc. • Extensive knowledge and expertise on Business Development Services and design of business diagnostic tool, delivery of business development services in the SMEs. • Experience in enterprise and/or private sector development projects and/or programmes, funded by international donor agencies.

Local Junior Expert

General Qualifications	• University degree in economics, political sciences, or other relevant field • Fluency in English, Portuguese and local language • Computer literacy
General Professional Qualifications	• At least 3 years of professional experience • Work in International projects/companieswill be considered an asset
Specific Professional Experience	• Solid writing skills, both in English and porutuguese • Solid command of Microsoft Excel, PowerPoint and Word • Familiarity on Business Development Services and design of business diagnostic tool, delivery of business development services in the SMEs..

The short term experts should have good inter-personal and cross-cultural communication skills.

INTERVIEW QUESTIONNARES AND DIALOGUE GUIDES

Group 1
(Value Chain Specialists/Analysts)

Based on the specificities of the respondent, the dialogue will be carried out randomly around the following market oriented issues/questions:

a) Identify and characterize the market opportunities based on current and projected trends in demand and supply for the commodity in local, national, regional (Southern Africa) and international markets;

b) Determine the quantity and quality of products demanded by the markets and desirable best production management practice;

c) Characterize the market participants, their roles and activities at various nodes in the value chain;

d) Determine the economies of scale, business types (institutional/business models) and market arrangements for profitably accessing the markets;

e) Characterize critical elements of market penetration strategy and requisite skills needed;

f) Determine the management, technical and other resources required for accessing the markets and creating new products;

g) Identify negotiating skills and services needed and their shortcomings to secure market supply contracts;

h) Determine the infrastructure and associated capital needs for production and marketing of the products;

i) Identify the skills, training, mentorship needed to develop the operational skills of the beneficiaries and enhance best management practices to satisfy market requirements in terms of quantity (i.e. yield levels) and quality of the products.

j) Determine the nature and types of business services needed by the various value-chain participants for their effective participation.

k) Determine the nature and types of services currently not provided or projected to be needed as the value chain is developed.

l) Provide useful information for maximization of service provision in the value chain.

Group 2

(Producers: Smallholders and Commercial Farmers)

1. **Considering each of the following areas of Service Provision:**

    a) Land preparation services
    b) Seeds provision
    c) Planting service
    d) Provision of chemicals (fertilizers, herbicides, insecticides)
    e) Irrigation services
    f) Weeding services
    g) Irrigation services
    h) Harvest services
    i) Transport services
    j) Value addition services (post harvest handling and processing)
    k) Commercialization

    l) Financial services
    m) Capacity building services
    n) Information and communication services

2. **Provide responses to the following key questions for each of the above areas:**

    a) From whom is the service provided?
    b) Are you satisfied with the services provided?
    c) What are the additional services you need? *(gap identification)*
    d) From whom you can get the additional services you need?
    e) Any other useful information?

Group 3

(BDS Providers – Category A)
The Assessment Main target Group

At the operational level:

1) What services do you provide to producers? *(with specification of commodities)*
2) What human and technical resources you have to provide each of the services mentioned? What are the needs for improvement?
3) What material resources (machinery, equipment, means of transport, etc.) you have to provide the services mentioned? What are the needs for improvement?
4) What is the price structure of the services provided? Are they lucrative/viable?
5) From whom and how you get basic information such as products, prices and markets? Is the information enough? What are the additional needs?
6) What capacity building needs you have to improve the services you are already providing? Who can provide the capacity building services for you?
7) Any other useful information?

At administrative level:

8) Are you a legally registered entity? With a NUIT?
9) Do you pay legal taxes?
10) Do you have an accounting system? And in order?
11) Do you have stock controls?
12) Any registration of the flow of services provided (to whom, where, cost, etc.)?
13) What are your overall business management capabilities? What additional needs to improve the capabilities?
14) Any other useful information?

At entrepreneurship level:

15) What capacity you have for business planning?
16) What are your plans to improve and/or expand your service provision business?
17) What capacity you currently have to implement your plans to improve and/or expand your service provision business?
18) What additional capacity development needs you have to improve and/or expand your business? Where to get that additional capacity?

Group 4

BDS Providers – Category B

1) How do you access the general business development services provision capacity of the Category A Providers?
2) What specific BDS does your institution or organization provide? To whom?
3) What more specific services does your institution or organization provide in capacity building for agribusiness development? Describe content, methodology, duration and profile of specific beneficiary groups.
4) Describe the additional critical needs in capacity building for agribusiness value chain development?
5) What systems does your institution or organization use for information provision for agribusiness development? What is the level of effectiveness? And what are the additional needs for information provision for agribusiness development?
6) Any other useful information.